FEDERAL PROPERTY MANAGEMENT AND DISPOSAL

HEARING

BEFORE THE

COMMITTEE ON ENERGY AND NATURAL RESOURCES UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

SECOND SESSION

ON THE

INVENTORY, MANAGEMENT, AND DISPOSAL OF FEDERAL REAL PROPERTY

MAY 18, 1982

Publication No. 97–89

Printed for the use of the
Committee on Energy and Natural Resources

U.S. GOVERNMENT PRINTING OFFICE
96-028 O WASHINGTON : 1982

S311-50

COMMITTEE ON ENERGY AND NATURAL RESOURCES

JAMES A. McCLURE, Idaho, *Chairman*

MARK O. HATFIELD, Oregon
LOWELL P. WEICKER, Jr., Connecticut
PETE V. DOMENICI, New Mexico
MALCOLM WALLOP, Wyoming
JOHN W. WARNER, Virginia
GORDON J. HUMPHREY, New Hampshire
FRANK H. MURKOWSKI, Alaska
DON NICKLES, Oklahoma
JOHN P. EAST, North Carolina
JOHN HEINZ, Pennsylvania

HENRY M. JACKSON, Washington
J. BENNETT JOHNSTON, Louisiana
DALE BUMPERS, Arkansas
WENDELL H. FORD, Kentucky
HOWARD M. METZENBAUM, Ohio
SPARK M. MATSUNAGA, Hawaii
JOHN MELCHER, Montana
PAUL E. TSONGAS, Massachusetts
BILL BRADLEY, New Jersey

MICHAEL D. HATHAWAY, *Staff Director*
CHARLES A. TRABANDT, *Chief Counsel*
D. MICHAEL HARVEY, *Chief Counsel for the Minority*

CONTENTS

STATEMENTS

Page
Babbitt, Hon. Bruce, Governor, State of Arizona 6
Bumpers, Hon. Dale, a U.S. Senator from the State of Arkansas 88
Carlson, Jack, executive vice president and chief economist, National Association of Realtors 96
Carruthers, Hon. Garrey E., Assistant Secretary for Land and Water Resources, Department of the Interior 72
Herschler, Hon. Ed, Governor, State of Wyoming 22
Horsley, John, chairman, board of commissioners, Kitsap County, Wash., on behalf of the National Association of Counties 108
Horton, Alison, associate legislative director, National Audubon Society 126
Jackson, Hon. Henry M., a U.S. Senator from the State of Washington 2
Juliana, Hon. James N., Principal Deputy Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics, Department of Defense 84
Kramer, Hon. Ken, a U.S. Representative from the State of Colorado 10
Lamm, Hon. Richard D., Governor, State of Colorado, as presented by Governor Herschler 28
Lyng, Hon. Richard E., Deputy Secretary of Agriculture, accompanied by R. Max Peterson, Chief, National Forest Service 69
Markon, Hon. Roy, Commissioner, Federal Property Resources Service, General Services Administration 78
McClure, Hon. James A., a U.S. Senator from the State of Idaho 4
Moore, Tye S., president, Public Lands Council, on behalf of the National Cattlemen's Association 93
Sease, Debbie, Washington representative, Sierra Club 138
Sopher, Terry, public lands specialist, the Wilderness Society 119
Tindall, Barry S., Director, Public Affairs, National Recreation and Parks Association 153
Wallop, Hon. Malcolm, a U.S. Senator from the State of Wyoming 1
Wright, Hon. Joseph R., Deputy Director, Office of Management and Budget, accompanied by Bruce Selfon, Acting Executive Director, Property Review Board 38

APPENDIX

Additional material submitted for the record 165

FEDERAL PROPERTY MANAGEMENT AND DISPOSAL

TUESDAY, MAY 18, 1982

U.S. SENATE,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m., in room 3110, Dirksen Office Building, Hon. Malcolm Wallop, presiding.

Present: Senators Wallop, Warner, Murkowski, Jackson, and Bumpers.

Also present: Gary Ellsworth, counsel; D. Michael Harvey, chief counsel for the minority; and Thomas B. Williams, professional staff member for the minority.

OPENING STATEMENT OF HON. MALCOLM WALLOP, A U.S. SENATOR FROM THE STATE OF WYOMING

Senator WALLOP. Good morning. The committee will come to order. The Senate Energy and Natural Resources Committee has had a long and proud history in shaping the nature and amount of public lands we have and the uses of these lands. This committee, almost on a routine basis, confirms exchanges, sales, transfers, and conveyances of public lands as it also directs acquisition or accepts donation of private lands into the public domain.

Just recently in the 96th Congress, the committee completed a 10-year effort in what I consider the last major land allocation decision left; that is, the Alaska Lands Act. A major portion of that act centered on conveyance of land to the State and native interests.

Briefly, the Senate Energy and Natural Resources Committee has primary jurisdiction on land allocation decisions involving most of the public lands and this committee shares jurisdiction with other authorizing committees such as Agriculture and Public Works on other segments of public lands such as National Forests and the National Wildlife Refuge System, respectively.

This morning we will be examining the administration's plan for the inventory, management, and sale of Federal real property.

For those interested in this issue, the Public Lands and Reserved Water Subcommittee held a unique 2-day workshop on July 9 and 10 last year. The subject was "Alternatives to Public Land Acquisition and Land Protection Policies." A complete record of that workshop is available from the committee's document room and I recommend it to anyone interested in these issues.

We have tentatively scheduled a second workshop on Federal land policy for June 14 and 15. This workshop will consider in more detail some of the issues raised at last year's session. But it will also look at the issue of private ownership versus Federal retention. The same format will be used with the addition of some formal papers being presented and circulated in advance to focus discussion.

Today, the Energy and Natural Resources Committee will address the questions raised in any process designed to identify, classify, and dispose of Federal real property. We have asked the departments and Federal agencies to be prepared to discuss the following issues as they relate to each agency and its programs:

First, the current status of the administration's review of Federal property;

Two, the procedures by which Federal land conveyances will be reviewed in the future;

Three, the effect of the plan on the disposition of moneys from the Land and Water Conservation Fund;

Fourth, statutory constraints to surplus sales;

Fifth, the nature of lands which should be excluded from surplus sale consideration;

And, sixth, the effect of the plan on other policy objectives.

I personally feel that the Nation can and must manage its assets in a better fashion. We must not acquire lands on the public domain just for the sake of acquisition, nor are we to hold them merely because we possess them. There must be a clear, natural reason identified by a clear natural cause before we accept, purchase, or dispose of lands through sale, exchange, or domain.

I believe that the budget realities of the 1980's will force us to look at our assets and to examine them to seek their highest and best use and to look at our best methods of disposal, exchange, acquisition, and protection.

We must thoroughly examine our land protection criteria, recognizing that there are many legitimate uses of land that are not the highest economic or dollar value. This committee and its subcommittees can make these examinations.

We must also carefully consider the existing uses of public lands; the revenues raised from these uses. Most important to my State is the fact that we must examine the bifurcated ownership patterns, the checkerboard patterns, the land-locked community, the isolated tracts and adjacent land problems of management and ownership. All must be carefully examined.

Some people view public lands as though they are a homogenous mass, not recognizing the commingling effect of those properties.

Today is a broad oversight hearing. We will get into details at our workshop and, should any legislation be moved at that time, we will examine it more carefully.

Senator Jackson.

STATEMENT OF HON. HENRY M. JACKSON, A U.S. SENATOR FROM THE STATE OF WASHINGTON

Senator JACKSON. Thank you, Mr. Chairman. May I say that few proposals of the Reagan administration have disturbed me as much as the plan to sell portions of the public lands to private interests for the avowed purpose of somehow reducing the national debt.

Office of Management and Budget Director, David Stockman, in testimony before the Governmental Affairs Committee last February, discussed the administration's goal of raising some $2 billion from the sale of public lands by 1984, primarily through the sale of residual BLM and Forest Service lands and properties whose higher and better use would be realized through private ownership.

I can assure the administration and my colleagues in the Senate that at least this Senator is going to look very carefully at what Mr. Stockman and others view as residual.

I know that for many of our constituents in the West, Federal properties, BLM and Forest Service lands, are not viewed as leftovers and lands that would be better managed in private ownership.

I will continue to oppose this program until I am convinced that all values, not just economic cost benefits, are being considered. We have laws with strict planning processes in place to assess values of these lands and manage them accordingly, even dispose of them, if that is the result of the planning process.

I simply do not see how anyone can benefit by a crash program to dispose of Federal lands and the rhetoric currently accompanying such a program. For example, this administration has stated repeatedly that it opposes additional Federal expenditures to acquire inholdings within parks, refuges, and so forth.

As an alternative the administration, as early as June of 1981 in oversight hearings before this committee on alternatives to land acquisition, urged the use of exchanges to eliminate these private holdings. And yet, this current plan to sell all so-called excess Federal properties seems to raise doubts concerning this administration's commitment to an aggressive exchange program.

I am also very concerned about the current freeze imposed by this administration on the conveyance by gift or discounted sale on surplus property to State and local governments and nonprofit entities. As the author of the legislation that authorized such conveyances, I must say that I believe that they have served a variety of useful public purposes, purposes that result in net public benefits to our citizens.

I think it is a sad day when we decide that the Federal Government can no longer afford to make these lands available to the American people for recreation and other public purposes.

Mr. Chairman, I want to thank you for scheduling these hearings today. And, hopefully, the record we compile here will serve to focus attention on this issue so that we can give it the careful and complete attention it deserves.

Mr. Chairman, there is one other matter. Gov. Bruce Babbitt of Arizona had planned to be here but could not make it. I have his statement and ask that it be placed in the record at an appropriate place.

Senator **WALLOP**. We will have that statement and the statement from the Chair, Senator McClure as well.

[The prepared statements of Senator McClure and Governor Babbitt follow:]

OPENING STATEMENT OF CHAIRMAN MCCLURE

OVERSIGHT HEARING ON FEDERAL PROPERTY MANAGEMENT AND DISPOSAL

GOOD MORNING. TODAY THE COMMITTEE IS CONDUCTING AN OVERSIGHT HEARING ON THE ADMINISTRATION'S PLANS FOR THE INVENTORY, MANAGEMENT AND DISPOSAL OF FEDERAL REAL PROPERTY.

ON FEBRUARY 25, 1982, PRESIDENT REAGAN ISSUED EXECUTIVE ORDER 12348 ESTABLISHING A PROPERTY REVIEW BOARD. THE BOARD'S DUTIES INCLUDE REVIEW AND DEVELOPMENT OF FEDERAL REAL PROPERTY ACQUISITION, UTILIZATION AND DISPOSAL POLICIES. IN ADDITION, THE ORDER REQUIRES GSA AND EACH AGENCY TO CONDUCT SURVEYS ON A CONTINUING BASIS TO IDENTIFY UNDERUTILIZED PROPERTY FOR DISPOSAL, AND FURTHER DIRECTS GSA TO REPORT TO THE BOARD THAT PROPERTY WHICH IT BELIEVES IS EXCESS, NOTWITHSTANDING THE RECOMMENDATIONS OF ANY AGENCY. INITIAL SURVEYS WERE TO BE COMPLETED WITHIN 60 DAYS OF THE ORDER.

THE EXECUTIVE ORDER IS PART OF A POLICY INITIATIVE ON THE PART OF THE ADMINISTRATION TO EXPEDITE THE IDENTIFICATION AND SALE OF UNNEEDED FEDERAL PROPERTY AND TO APPLY THE PROCEEDS AGAINST THE NATIONAL DEBT. THE TARGET FOR SALES IN FY1983 IS $1.2 BILLION AND APPROXIMATELY $2.2 BILLION ANNUALLY THEREAFTER.

AT THE OUTSET, I WOULD LIKE TO EMPHASIZE THAT I AM NOT IN DISAGREEMENT WITH THE GENERAL OBJECTIVE OF THE ADMINISTRATION'S POLICY AS I UNDERSTAND IT. THE PROCESS BY WHICH AGENCIES AND THE GSA IDENTIFY AND DISPOSE OF FEDERAL PROPERTY UNDER THE FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949 CAN BE REFINED AND EXPEDITED IN A FASHION WHICH SHOULD ACCOMPLISH BOTH THE ORIGINAL OBJECTIVES OF THE ACT AND BE GOOD GOVERNMENT POLICY.

I AM CONCERNED, HOWEVER, WITH THAT PORTION OF THE ADMINISTRATION'S POLICY WHICH TOUCHES ON THE DISPOSAL OF LANDS IN THE PUBLIC DOMAIN OR OF LANDS WHICH HAVE BEEN WITHDRAWN AND DEDICATED TO SPECIAL PURPOSES. I AM ALSO CONCERNED ABOUT THE EFFECT OF THE NEW POLICY ON EXISTING POLICY OBJECTIVES

AND EXPRESSIONS OF CONGRESSIONAL INTENT, WHICH ARE FOUND IN STATUTES SUCH AS FLPMA AND THE RECREATION AND PUBLIC PURPOSES ACT.

I WOULD HOPE THAT FROM THE TESTIMONY RECEIVED TODAY AND THE QUESTIONS AND ANSWERS WHICH FOLLOW, THIS COMMITTEE, WHICH HAS A LONGSTANDING RESPONSIBILITY FOR THE POLICIES GOVERNING THE NATION'S PUBLIC LANDS, WILL HAVE A BETTER IDEA OF THE SCOPE AND DEFINITION OF THE NEW PROPERTY DISPOSAL PLAN. I BELIEVE THERE ARE IDENTIFIABLE PROPERTIES WHICH MAY LEGITIMATELY BE SOLD AT FAIR MARKET VALUE IN THE BEST INTEREST OF THE NATION. HOWEVER, I BELIEVE THAT DISCOUNT CONVEYANCES FOR PUBLIC BENEFIT SHOULD NOT BE ELIMINATED BEFORE CAREFUL CONSIDERATION OF BROAD POLICY OBJECTIVES IS UNDERTAKEN. WE MUST ALSO KEEP IN MIND THE PROMISES MADE BY THIS ADMINISTRATION TO ADHERE TO A GOOD NEIGHBOR POLICY WHEN FORMULATING AND IMPLEMENTING A NEW PLAN.

I WAS PLEASED TO LEARN THAT THE PRINCIPAL LAND MANAGING AGENCIES, THE DEPARTMENTS OF AGRICULTURE, DEFENSE AND INTERIOR, ARE BEING ASKED FOR RECOMMENDATIONS ON POLICY IMPLEMENTATION, INCLUDING WHICH LANDS SHOULD BE EXCLUDED. I WOULD EXPECT THAT THESE RECOMMENDATIONS WILL BE TAKEN FULLY INTO ACCOUNT BY THE PROPERTY REVIEW BOARD. I WOULD ALSO EXPECT CLOSE COOPERATION AND CONSULTATION WITH CONGRESS, INCLUDING THIS COMMITTEE, AS THE PLAN BEGINS TO BECOME MORE DEFINED AND AS IMPLEMENTATION PROCEEDS.

BEFORE CALLING OUR FIRST WITNESS, I WILL DEFER TO OTHER MEMBERS OF THE COMMITTEE WHO MAY WISH TO MAKE OPENING REMARKS.

Testimony of
Governor Bruce Babbitt
Before The
Committee on Energy and Natural Resources
Hearing On
Senate Resolution 231
Monday, May 17, 1982

Chairman McClure, Members of the Committee:

Thank you very much for this opportunity to present testimony regarding Senate Resolution 231, introduced by Senator Percy. I am pleased to submit these remarks as Governor of Arizona, one of the Western states in which the federal government is the principal landowner.

S.R. 231 calls on federal agencies to fully inventory their real assets, assess their market value, and liquidate those identified as surplus to federal needs for purposes of helping to reduce the national debt. The Resolution thus echoes an initiative advanced in President Reagan's 1983 Budget message. Like Senator Percy, the Administration has proposed a government-wide review of federal property holdings in hopes that sales of excess property will yield significant receipts to help offset the huge deficits projected for the next few fiscal years. Since presenting his budget message, the President has established a top-level Federal Property Review Board to expedite and oversee the necessary inventory.

Both the President and Senator Percy are to be applauded for their efforts to encourage sound management practices in the administration of federal agencies. It is indeed regrettable that some valuable parcels of federal land have gone completely unmanaged, thus producing neither the benefit of use nor of income for the American taxpayers. Many of the examples which Senator Percy has cited - acreage surrounding a Veterans Administration hospital in New York and an agricultural research center in Maryland, prime resort property in Massachusetts, beach-front acreage on Hawaii's Waikiki Beach - may indeed better serve the public by transfer to private ownership.

However, while the "privatization" concept may have some relevance to scattered parcels of land in urban areas or adjacent to government installations, it makes no sense whatsoever when applied to the vast federal holdings which constitute the public domain in Arizona and other Western states. Unlike the neglected land-holdings identified by Senator Percy, the West's public domain is actively managed by a number of federal agencies, including the National Parks Service, the National Forest Service, the Bureau of Land Management, the Bureau of Reclamation, and the Bureau of Sport Fisheries and Wildlife. This federal land supports a wide range of recreational, agricultural, commercial, and defense-related activities. It is also the repository of some of the most dramatic examples of our unique national heritage which have been held in trust for all Americans. The open spaces and scenic beauty preserved in national parks and wilderness areas, open ranges and national forests are an integral part of life in the West.

Since Arizona and the other public lands states entered the Union, a large body of legislation has been developed to guide land-use decisions on the public domain. In recent years, this legislation has been evolving in the direction of giving the states a greater voice in the management of federal lands within their borders. This trend would be seriously threatened by a precipitous decision to simply tally up the market value of the land and auction it off.

The massive transfer of the West's public domain to private interests would also dismantle the multiple-use system which has traditionally prevailed on federal lands. Under the multiple-use system, much of the public domain is shared among a variety of users, including ranchers, miners, lumber companies and other large-scale commercial operators. Entire industries, of vital national importance, are sustained on federal lands. But no single interest is allowed to dominate the use of the land.

Having just recently stalled an attempt to transfer ownership of the public domain from the federal government to the states, many Westerners are extremely skeptical of proposals to "privatize" federal land-holdings. The hikers, hunters, fishermen, environmentalists, and commercial users who joined in vocal opposition to the so-called "Sagebrush Rebellion" have a keen sense of Western history. They remember how vast areas of rangeland were overgrazed prior to the Taylor Grazing Act of 1934. They remember the intensity of past attempts by special interests to transfer public lands to private ownership. They know that their historic right of access to public lands now administered by federal agencies would quickly be replaced by locked gates, barricaded roads and "NO TRESPASSING!" signs.

Mr. Chairman, I certainly agree with the supporters of S.R. 231 that the federal government ought to receive fair value for the commercial use of its holdings. If isolated parcels of federal land can not be effectively managed, then every effort should be made to consolidate them, preferably by a policy which seeks to negotiate trades for state-owned lands of equivalent value before putting them on the auction block.

But these are not the central concerns of S.R. 231. The proponents of S.R. 231 seek to liquidate large amounts of federal property purely as a revenue-generating device. While well intentioned, I believe this policy to be seriously misguided. The looming budget deficits and ballooning national debt are critical problems which must be addressed. But a policy which attempts to balance the budget by selling off the national patrimony can not help but be counterproductive in the long run.

Federal ownership of the public domain in the West has protected a vital national interest: preservation of our national heritage for balanced use by all Americans, especially the growing number who have chosen to make the West their permanent home. As a result, the West has some of the finest wildlife refuges and national parks in the world. It also has a multiple-use system which permits the public domain to fulfill a variety of present purposes, while protecting it for the future.

As Governor of Arizona, I have often had occasion to criticize the way land-use decisions are made regarding the public domain. It is clear that the federal government has not always managed all of the public lands as well as it should have. But these problems will not be solved by a headlong rush to transfer federal lands to the highest bidder. In the current search for a solution to our budget difficulties, we would be ill advised to lose sight of the true value of America's public lands, a value which can never be measured by a simple pricetag.

Senator WALLOP. First, we will have Congressman Kramer.

STATEMENT OF HON. KEN KRAMER, A U.S. REPRESENTATIVE FROM THE STATE OF COLORADO

Mr. KRAMER. Thank you, Mr. Chairman. I would ask permission, if I might, just to submit my written statement for the record and speak from some notes that we have made.

Mr. Chairman and Senator Jackson, it is a privilege and an honor to have the opportunity to appear before you this morning and I do appreciate the time being made available for me to say a few comments on what I think potentially could be a very beneficial program, not only for America, but for our economy.

As I think we are all very well aware, we have some very serious economic problems in our country today. Economic recovery cannot take place until interest rates come down and, I think, given this nature of events we need to look at new innovative ways to deal with our debt because really the debt is the basis for these high interest rates.

And I am convinced that if we will systematically put into place a program of disposing of unneeded Federal assets, not for just a crash program, as has been alluded to, but a dedicated program lasting over a generation, we potentially can raise those kinds of moneys I think that could come close to paying off the entire debt, provided it does not get much worse than it is right now.

Today the Government owns about 744 million acres and I say about, because I have seen reports that indicate anywhere between 736 million to 780 million acres are owned by the Government, which will give you some indication of how poorly we have managed our property where approximately 40 million acres have potentially fallen through the cracks.

Whatever the number is, it is about 1 out of 3 acres in this country. Being from a western State myself, Colorado, I know that a lot of Coloradans lament the fact that there is one-third Federal ownership in our State and yet surprisingly enough, at least I was surprised, when I saw that those same figures hold true for the United States as a whole.

In addition to those 744 million-odd acres, we are also talking about in excess of 400,000 buildings, comprising about 2.65 billion square feet of floor area. Now, one of the things that most surprised me when I got involved working in this area almost 1 year ago was that we have no idea as to the value of our Government holdings, so what we are really suggesting before we sell very much is that we find out precisely what we own and what it is worth.

We know that the acquisition cost of what we have is listed at about $105 billion, but that is only 8 percent of the holdings and that is only acquisition costs. We know that, for example, some properties are listed on the Government books at 65 cents an acre. And although most of us would think that the White House is worth far more than that, I know that the present listing of value is somewhat less than $5,000 for that entire complex.

We don't want to give anybody an opportunity to make any political speeches of the consequence of the value of that property, but I would just point that out as a very, I think, direct example of what is just beneath the surface once we start scratching.

Ninety-two percent of the entire amount of our holdings are carried at no cost on Government books. Now, Senator Jackson raised the question of whether or not such a dedicated program of disposition might do any good and I think it would do a lot of good. Admittedly, this is my own opinion, but I think it has these potentials at least:

No. 1, to raise the kind of revenues necessary to pay off the debt and bring down interest rates. It is obvious, I think, to all of us that we are not going to pay off the debt in 1 or 2 or even 5 or 10 years through this program. But if the markets were convinced that a program has been put into place that has the capability and the potential of doing that, the psychological effect, I think, that would stem from the knowledge that these revenues would be there over the next generation could do a lot at present to give that kind of psychological security that would help to bring down the rates immediately.

Certainly, local communities that are surrounded by Federal properties today are suffering in their local property tax base. So by changing the ownership from that of the Federal Government to that of a private sector owner, we are doing a lot to increase the local property tax base and at an especially important time when we are seeing Federal withdrawal.

Certainly, those who purchase properties are going to put them to the best possible economic use. This means State income tax revenues, again, to boost State revenues at a time when we are looking at Federal withdrawal, to say nothing of the fact that increased economic development is going to mean increased Federal income tax, as well as the revenues themselves generated from the sales of those properties.

Certainly, we can reduce the cost to the Federal Government of managing those properties and do a lot better job on those remaining in the inventory than we have been doing at present.

Let me make it clear that I have no desire, not only not to sell, but not even to catalog those things that I know all of us are concerned with as national treasures. Certainly, national parks, Rocky Mountain National Park, in my own State; certainly, your, Senator Wallop, in your State in terms of Yellowstone and some other places, we don't want to sell that. And, Senator Jackson, we don't have any desire to sell Mount Rainier, which I got the privilege of looking at for 2 years while I was stationed at Fort Lewis.

So I think that, at least speaking for myself, I have come up with a tentative list of things that ought to be exempt from the cataloging process, at least for the most part, and that includes all of the properties in the national park system, which are more extensive than just national parks. They include battlefield sites and storage sites and things like that as well; fish and wildlife refuges, wilderness areas that have either been designated and beyond that those that are still under study ought be excluded, and Indian lands.

Now, when you add all those up, you arrive at about 280 million acres. So right off the start we are exempting probably well over a third of our inventory from even being looked at in terms of a cost-benefit type of relationship. I also think that any program of disposition ought to have inherent in it a set-aside for environmental purposes, so that when we use those funds, whether they be 5 or 10 percent of the proceeds, I don't know what the magic number is, but that we allow those funds to be used for upgrading those properties that remain in the inventory.

We ought to be able to make this program available to the average citizen and I think it ought to be marketed quite frankly as a program that we are in effect marketing a part of America for Americans to make America a better place in which to live.

That means that we probably ought to restrict the total amount of property that any one individual or any one corporation can buy and at least in some cases, I know there is some difference of opinion about that, but I suggest that we have flexible marketing terms. Certainly, if we get to that point, and it won't be certainly in the 1st or the 2d year, but maybe in the 5th or the 10th year, if we concern ourselves with, for example, raising permits and things of that sort and transfer that property to those ranchers that have those permits on some fair market value basis, certainly some kind of flexible terms, certainly given the hard-pressed economy of the agricultural community, ought to be made available.

And I think that reasonable interest rates can have, again, a very important psychological impact. If the Government commits itself to, again, I don't know what the magic figure is, but commits itself to 10 percent rates of interest on some of this property, the fact that it is doing that is a pretty good indicator, I think, for the marketplace that we feel that, given this program and some other things that are being done, that reasonable rates of interest are not only possible but we are doing something about it in real terms.

We ought to look at the potential for foreign ownership here and certainly I think consider some restrictions. We don't want OPEC buying all of this property. One other suggestion I might have and that is what I like to call the agency set-aside. I believe that if we are really going to give agencies the incentive to be cooperative, to be willing partners in this program, they have got to see something in it for themselves.

If they only look at this as a potential loss of their assets that they are holding, I think their natural human tendency is to be less than cooperative. So I suggest that a percentage of the proceeds be given to the agencies for some kind of discretionary spending purposes in order to provide the incentive for them to be cooperative and identify and catalog those properties that can be best put into the private sector.

I think some might say we are going to lose revenue by doing that, but I would gather that when all is said and done we will raise a lot more revenue with agency cooperation through agency incentives than we will ever if we ignore that very grave factor in human behavior.

I want to compliment the administration for the steps that they have taken to bring this program from one of a concept to one of reality. It has been included in the administration's budget, a very high-level White House review board has been established with some very excellent people, not only on the board, but being involved in the management, the day-to-day activities of the board.

I think that in the spirit of Federalism the States should be consulted, should become partners in this process. My own State of Colorado, for example, is one that has indicated support for this program. Both the State house and the State senate have now passed resolutions recommending that this program, in fact, be implemented.

The administration has estimated receipts conservatively to be $1 billion in fiscal year 1983, but I would point out that those are properties that are already on the GSA list and should have been sold a long time ago, and they are estimating about $4 billion annually from GSA, Interior, Agriculture, and Corps of Engineers property beginning in fiscal year 1984.

In conclusion, we not only owe it to our fellow countrymen to be good managers of Federal property, but I think we ought to seriously consider putting in place a long-term program dedicated to the eradication of the national debt. Many pooh-pooh that as a possibility and I disagree. I think that has not only the potential of doing that but, in fact, if we will look at this seriously, do some long-term planning, we can put into place a program and paying off the national debt will in fact become a reality.

I appreciate the opportunity to share these brief words with you and would be happy to answer any questions that you might have.

[The prepared statement of Mr. Kramer follows:]

STATEMENT

OF

THE HONORABLE KEN KRAMER

Mr. Chairman and Members of the Committee:

May I first thank you most sincerely for the opportunity to present my views on a proposal which, if adopted, will go far in taking us down the road towards economic recovery.

As most Americans are aware, high interest rates are our biggest problem and the greatest hindrance to a healthy economy.

These high interest rates are limiting the ability of small businesses and individuals to obtain credit. Interest-sensitive small businesses, such as homebuilders, farmers, and car dealerships, are being devastated by high interest rates. Housing starts have reached their lowest level in 35 years and the real estate industry is practically at a standstill. Farmers are selling or losing through foreclosure property passed down from generation to generation. Car dealerships all over the nation are being forced to close their doors. Moreover, the cost and unavailability of loans have placed a home or car beyond the reach of all but a few Americans.

We cannot afford to have America's small businesses go under, especially when they are desperately needed to increase productivity and help get the economy rolling again. Nor can we afford to have more people forced out of jobs and onto the unemployment rolls. For many, the cure for inflation is becoming worse than the disease.

In order to cope with the tremendous national debt which has surpassed $1 trillion, the federal government has both printed more money, which results in higher inflation, and borrowed in the market, which leads to higher interest rates. Unless something unforeseen happens, the federal deficit for FY 1982 is expected to be over $100 billion. It is apparent that the time has come to further cut federal spending, balance the budget, and reduce the tremendous national debt, the interest payment on which is projected to be at least $112 billion in FY 83. This is a heavy mortgage on the future of all Americans.

What would the typical American family do if faced with a financial situation similar to the one faced by the U.S. government? The typical American family must live within its means or face the possibility of bankruptcy. Rather than declare bankruptcy in times of financial crisis, it may be necessary for a family to turn to its assets -- savings accounts, stocks, property, and so forth -- in order to raise enough cash to pay its bills. I see no reason why the federal government shouldn't have to do the same.

In fact, as the Congress and the Administration search for ways to bring down the interest rates and inflation, we may be overlooking a potential solution which is right under our noses. The U.S. government has considerable assets. Last fall, I commissioned the General Accounting Office to determine how much property the federal government owns and how much it is worth. The GAO reported that currently the government owns 744.1 million acres -- one out of every three acres in the entire United States! The government also owns over 405,000 buildings comprising over 2.65 billion square feet of floor area.

Amazing as it may seem, no one in the federal government really has any idea as to the worth of these vast federal holdings. The Library of Congress, the Bureau of Land Management (BLM), the General Services Administration (GSA), as well as the General Accounting Office all indicated that they not only do not have information available on property values but that no one agency has existing authority to conduct an assessment into the amount, type, market value, utilization and management of all federal properties. The only figure the GAO was able to provide me with is an acquisition cost figure of $104.9 billion and this figure only accounts for 8% of the total amount of federal real property. The other 92% of the 744.1 million acres is public domain land which is carried on the books at no cost.

The Land Policy Working Group within the Interior Department does plan to use satellites to survey public lands owned by the National Park Services, BLM, the Fish and Wildlife Service, and the U.S. Forest Service, but this is several years in the future and will not include the 80 million acres of federal property belonging to 62 other agencies, including GSA, which controls the majority of developed urban properties.

Historically, through the Homestead Act and similar mandates, the federal government has disposed of excess federal properties quite successfully. Public policy during the 1800's was clearly directed toward transferring federal land to private owners and States. In fact, between establishment of the first General Land Office in 1800 and the withdrawal of the public domain in the 1930's the original government holding of 1.837 billion acres, or 80% of the U.S. acreage in 1800, was reduced to 692 million acres. The Homestead Act itself provided for the transfer of 287 million acres to create more than 1.6 million farms during the 114 years of its existence. These disposal policies were at least partially motivated by the federal government's need for money. Much of the public land was sold for cash to private individuals. For example, in the 1830's President Jackson sold enough government land to pay off millions of dollars of federal debt and probably would have paid off everything if a series of Indian wars had not started a new round of deficit spending.

Since the 1930's, however, our policy toward federal land has been of acquisition rather than disposition. The Federal Land Policy and Management Act (FLPMA) of 1976 codified this acquisition policy. FLPMA provided the Bureau of Land Management with a mandate to manage the public lands for permanent federal ownership, according to multiple use and sustained yield principles. Among other things, the act removed from the books numerous 19th and early 20th century laws authorizing the conveyance of federal lands into private ownership and established restrictive new land sales procedures.

I think what we need to do at this time is to re-examine this policy and ask ourselves: Does the federal government really need to own one-third of the land in the country when so many people are suffering as a result of high interest rates and inflation caused by a national debt that has surpassed $1 trillion?

I believe the answer to that question is no. I believe that we can no longer afford to ignore the question of disposing of our unneeded federal assets for the production of revenues.

The sale at market value of federal properties to the private sector would not only mean the immediate realization of much needed funds but would also bring other significant benefits. The transfer of these properties into the private sector would significantly increase local property tax bases. Much of the property would undergo economic development, translating into more revenues, this time from state and federal income taxes. There would be a reduced need for the number of employees involved in the management of federal properties which means lower federal spending. Thus, not only would the effects of recent budget reductions on state and local governments be alleviated, but the federal government would gain additional income to help insure a balanced budget and liquidation of the national debt, thereby reducing inflation and interest rates.

The potential benefits reaped from the sale of unneeded federal property can be tremendous; however, in considering the sale, we must take into consideration several very vital factors.

It is important to note, first of all, that I am not in any way advocating or even thinking about the possibility of a sale of our national treasures or environmentally important areas. National park system properties, wildlife refuges, Indian lands and wilderness areas should automatically be exempted. In fact, I would like to propose that a portion of the revenues realized from sales be set aside for upgrading and better maintaining those properties remaining in the federal inventory.

What I have in mind to sell is property such as the former Naval Training Center at Bainbridge, Maryland, which is unused and whose buildings are so dilapidated that the federal government last year decided against trying to relocate Cuban refugees there, or the 12.7 acres of land adjacent to a Veterans Administration hospital in Montrose, N.Y., which has been found by the General Services Administration to be "underutilized and is not needed." Another example would be the 40-acre plot of BLM land in Las Vegas, Nevada, which is completely surrounded by a middle-income housing development. The land is worth approximately 1½ million dollars and could hold as many as 100 homes, but up to now it has been used for nothing whatsoever and has just been sitting there accumulating junk.

Second, I believe that a program of federal property disposition should be available to the average American citizen as well as the largest corporation. Thus we may want to restrict the amount of property any one person or corporation can buy. Marketing for the program should also be flexible and should be developed in such a way as to make it possible for the average American to take advantage of the program. This can be done in a variety of ways, ranging from cash terms to long-term payments at reasonable interest rates

The third consideration is that it may be necessary to restrict foreign investment. We certainly do not want a large portion of this country to be owned by OPEC or by other foreign nationals.

In order to make this program work effectively, it is absolutely essential that all federal agencies cooperate to the fullest. Thus, as an incentive for agencies to realistically assess unneeded properties, and not sabotage the intent of the assessment, I propose that a percentage of generated revenues be set aside for discretionary use by the affected agencies.

The Administration has proposed to undertake a concerted program to improve federal property management and to dispose of unneeded federal property in its FY 1983 budget proposal. A White House/Cabinet-level Real Property Review Board has been established to ensure maximum coordination of the effort. I have been working with the Administration and several of my colleagues on legislation to help get an active disposal program under way.

I would like to commend the Administration on taking the first steps toward instituting such a program which can help lead us down the road to economic recovery. I would also like to suggest that, in the spirit of federalism which the President has advocated, the Administration work closely with the states to get their views and input. It is not only right that the states be consulted, it is only with their full cooperation that this program can reach its full potential.

My own state of Colorado has already indicated support for the program. Just a few weeks ago, the Senate and House of Representatives of the Colorado General Assembly passed a resolution requesting and encouraging the Administration and Congress to implement this program of federal surplus property sales in order to help pay off the $1 trillion national debt.

The Administration has estimated that receipts from sales of GSA-managed property could total $1 billion in FY 1983 and that receipts from a combination of the sale of GSA-managed property and land held by the Departments of Interior, Agriculture and Army Corps of Engineers could be $4 billion in 1984 and 1985 and thereafter.

Although this amount of money is not in itself going to pay off the national debt, I am optimistic that receipts can be considerably higher in the longer run. In addition to thinking in terms of good asset management, we should be looking at a long-term disposal program which will play a major role in putting our economy back on a sound footing. I am confident that, if we get a full-scale disposal program in place, over the next generation we can bring in enough revenue to balance the budget and go a long way toward paying off the national debt.

Senator **WALLOP**. Thank you very much. Senator Jackson.

Senator **JACKSON**. Mr. Kramer, I just have a comment. I am not opposed, obviously, to the sale of surplus Federal lands where such sale is based on the consideration of all values, not just economic concerns.

Let me give you an illustration. We have been surplusing a lot of old Federal defense facilities that date back to the Spanish American War. The concept is that many of these defense facilities are now located inside the boundaries of large cities. Now, we have the choice of turning them over for a housing development or really addressing some of the park and recreation concerns in our big cities.

Seattle does not really fit in the category of big cities. But we have in Seattle, for example, Fort Lawton, in the heart of the area. It was an old artillery, defense system. We made it available for park purposes through legislation which applies, as you know, to all States.

It is one of the finest recreation areas that one can find. Now it could be sold for $150 million for a housing development. I think these are the considerations, Mr. Chairman, we have to take a look at. I certainly want to look at all of these situations on a case-by-case basis.

And in the heavy public land areas we have to look at the need for developing new communities that are surrounded by Federal lands. But we must consider public interest as well as economic value. As the population grows so does the need for recreational facilities—especially in the inner cities.

These are things that help to strengthen the Nation. Through these hearings, Mr. Chairman, maybe we can come up with a better arrangement to review the lands that are declared surplus to the needs of the Federal Government; that is, whether they should be sold or whether they should be made available for some broad public use.

The States and the counties are in serious financial trouble. In my State the new Governor originally hoped there would not be a need for new taxes in 1981. But he was soon faced with a deficit of a little over $1 billion, and we are a pretty frugal bunch out there. The projected deficit for 1983 and 1984 is a little over another $1 billion. All cities are facing these problems.

I think we have to look at both the Federal requirements and, of course, State and local governments as well.

Mr. **KRAMER**. Might I make this very brief comment. I agree that what we should be aiming for is a commonsense approach. I don't think any all-or-nothing approach is going to serve us well in this process, but I think we need to recognize the potential reality of what we are talking about.

Certainly the hard-pressed counties and States would be much better off, from their own tax point of view, if some additional properties were put in the private sector.

I missed my cue card the first time around on the comment that you made about the need for parkland. I think it gives me the opportunity, they say opportunity never knocks twice, but apparently it has in this case, but let me just, if I might, for illustrative purposes give you an example of some of the things we are talking about.

Now, I know that I will not ask any of you to admit this, ever having been here, but this is in Las Vegas. And this property right here represents about 150 miles managed by BLM on this Las Vegas strip. Now, according to local real estate estimates it is worth about $18 million.

An adjoining equal parcel was recently sold for $90 million for a hotel development. Now, BLM sold this property right here for $2.50. That is not even $2.50 an acre; that is the total deal to the county for future use as a golf course and obviously it is a property that is zoned for hotels and could be used to do an awful lot with that Las Vegas tax base.

In doing that, here is another property that is about 3 miles away. It has about one-twentieth market value, another BLM property and they could have, if they were going to make disposition for those kinds of public recreational purposes, this one is certainly of less value and quite frankly has a better view.

So this is an example, I think, of the kinds of things that are going on now that really need to be addressed.

And if I might make one last comment, there is another—Senator, you have been a household word with me for many, many years, long before I ever dreamed of coming to Congress—but even going back farther in our history to another famous Jackson and so there is precedent for this disposition, who was the founder of your party, at least is largely credited with being the cofounder, Andrew Jackson. He sold a great deal of acreage in the 1830's to pay off the debt.

Senator **Jackson**. He had a pretty good margin to work with.

Senator **Wallop**. One of the things that has come in, at least in my area, is the increasing reluctance of an otherwise urban Congress to recognize paying taxes as a legitimate obligation of the Federal Government. And somehow or another those who would seek to have us maintain everything ought to be able to consider it as well. If the country does maintain everything then the country has an obligation to the communities, counties, and States.

That is something that you know as well as I do, that people think it is some sort of a gift to the public lands States. But more importantly, I think it was overlooked in your statement, is the incredible real urban properties, urban real properties, I mean, that we don't necessarily have to own in every instance and that would make a great benefit to some city-tax basis.

Ken, thank you very much.

Mr. **Kramer**. Thank you for allowing me to share my comments with you.

Senator **Wallop**. Next we have my Governor, Governor Herschler, on behalf of himself and of Governor Lamm of Colorado.

STATEMENT OF HON. ED HERSCHLER, GOVERNOR, STATE OF WYOMING

Governor **Herschler**. Senator, just this morning, I provided the committee with some copies of my remarks and I am also, as you indicated, here representing Governor Lamm of Colorado.

Mr. Chairman and members of the committee, it is a pleasure to address you today and provide the perspective of a Western Governor on the issues surrounding privatization of Federal real property. Wyoming, as you know, is a public lands State with agencies of the Federal Government managing approximately half of our surface area.

Wyoming's early history is a story of the partnership that existed between the frontier settlers and the public lands. From fur traders to gold seekers to ranchers, the lure of public lands was Wyoming's calling card. The public land lure is every bit as prominent today.

The State's three leading economic sectors, minerals, agriculture, recreation/tourism, are natural resource industries which draw heavily on Federal lands for their resource base and livelihood. Changes in Federal land management and use policies impact the livelihoods of many Wyoming families and affect the quality of life in many Wyoming communities.

Because of these significant vested interests, Western States, I think, must have a direct role and a voice in crafting the changes in Federal land management policies. This is particularly true in regard to the privatization proposals before the committee today.

A review of the testimony and statements offered on Senate Resolution 231 reveals high hopes that an accelerated disposal of Federal real property will be the magic elixir for our Nation's economic ills. Supporters have portrayed a variety of benefits, including reduced deficits, reduced interest rates, enhanced community expansion and housing development, reduced property management costs, increased local tax collections, and, of course, reduced waste, fraud, and abuse.

While no one can argue these goals, the all inclusive nature of this proposal should cause a rational man to step back, take a breath and count both his money and his fingers. Seriously, any program to accelerate the disposal of Federal real property deserves careful analysis prior to implementation.

The program must be analyzed with respect to the needs to be met, how it relates to efforts already underway to meet the same goals and how much implementation it will cost in both present and future terms.

To date the examples of Federal properties discussed as deserving of disposal are primarily urban lands in such areas as Beltsville, Md., Waikiki Beach, Hawaii, and Nantucket Island. This would seem to indicate that the focus is not on the public lands or national forests.

However, the fact that both the Department of the Interior and the Department of Agriculture are inventorying and reviewing properties throughout the West raises concern over the true motive and agenda behind the disposal program. If this portion of the review is motivated by the desire to reduce Federal administrative abuses and bureaucratic burdens, we are more than willing to work toward this end.

However, the program must help resolve current public lands' problems and not sell off our citizens' livelihoods and heritage.

One of the major needs which the accelerated land disposal program proposes to meet is the need to reduce budget deficits. Depending on a number of legislative actions, direct returns to the Federal Treasury from a Federal property disposal program may indeed reduce the budget and deficit in short term.

However, in the case of public domain lands, which are currently supporting revenue-producing activities, such as mineral development, grazing, and timbering, the cost of this deficit reduction will be the loss of future revenues. In the long run the effect on the deficit may be minimal or even negative.

Short-term interest rates may indeed decline in reaction to a declining deficit due to psychological factors on reduced Federal borrowing. However, if Federal borrowing to finance the deficit is replaced by private borrowing to finance property purchases, the net effective demand for capital will remain unchanged and the interest rates, I don't think, will be affected.

Further, the channeling of private capital into land purchases may frustrate industrial expansion and housing development by reducing the available capital supply and propping up interest rates. It is a proven fact that speculation in land does little to increase productivity or industrial output.

Speculation, waste, fraud, and abuse were common problems in many previous Federal land sales.

A large-scale disposal program could have significant impacts on the real estate market and market values of both Federal and private properties in Western States. Private property values in many western communities tend to be high because of the limited amount of private land available.

Large-scale disposal of Federal lands could cause both private and Federal property values to drop. This cumulative depression of existing and anticipated property values may even offset the revenue gained by adding new lands to the tax roles.

Privatization of Federal lands may not result in the best and highest use in all cases. A rancher in today's market would have to leverage every asset he has to purchase the land on which he is now grazing. Even then, purchase may be impossible because of the amount of land involved.

In Wyoming, for example, it takes more than 60 acres to support an animal unit month. If a rancher were able to obtain financing, the new payments and taxes would burden an already tight budget. Payments may have to come out of range improvement dollars or the range may be overused to meet short-term cash needs.

Either way the resource base suffers. Resource stewardship and conservation may also suffer if the land disposal program results in suitcase landlords or absentee ownership. The Nation may also lose current and future commodity production such as grazing and timbering if multiple use public lands are purchased for other purposes and existing uses are restricted or retired.

I don't want to see Wyoming's family ranching heritage and industry lost because they can't compete with multinational corporations and eastern speculators.

Public lands provide nonmarket values such as recreation, wildlife, scenic, watershed, and heritage values that could be lost if the lands are sold and converted to other uses. The recreation and tourism industries of Western States market these values through activities such as hunting, fishing, outfitting and camping or as attractions to tourists.

Large-scale land disposals could adversely affect these important economic sectors. They could also result in a skimming of the cream, if you will, by disposal of the most attractive and productive lands. The ability of Federal agencies to properly manage the remaining low value lands would be compromised due to loss of revenue sources and diminished public support.

Local economies would suffer as well if existing users are forced onto lands with lower productivity.

The major Federal landholding agencies in Wyoming are the Bureau of Land Management and the U.S. Forest Service. Both of these agencies have existing programs to identify and assess property tracts as candidates for sale, conveyance, or exchange. These programs are integrated into the agencies' planning and administrative procedures and controlled by legislation, rules, and regulations.

There are distinct opportunities for State and local government involvement and coordination. While this process is not completely satisfactory, it provides a good basis for the disposal of public lands. Secretary Watt's good neighbor policy has set the cornerstone for refinement of the process and acceleration of land sales and exchanges for community expansion and public purposes.

An important feature of this process is the integration of State and local policies, objectives, and plans. If an expanded land disposal program is to provide benefits to State and local governments as well as the private sector, then these levels of government must be full partners in the program.

There is a definite need to provide for State and local determination on growth matters. A large-scale disposal program would overwhelm the planning and public facility capabilities of many western communities. Existing land use plans and zoning structures were developed within the constraints of Federal lands. And these plans and regulations would require a major reworking to insure the most efficient and beneficial growth patterns.

I have purposefully kept my comments general and confined them to broad issues associated with the disposal of public lands in Western States. This is in reaction to the ambiguous and uncertain nature of the current privatization proposal. More detailed proposals will merit additional review and comment.

The relationship of potential land transfers to existing water developments and rights is one area which definitely deserves more detailed analysis. Likewise, the effects of land transfer on existing special use permits, cooperative agreements and easements must be fully considered.

As I noted previously, the candidate parcels most often discussed are in highly urbanized areas and I would not presume to speak for the elected officials of those areas. I do not question that the Federal Government should get a better handle on its assets, nor do I question that Federal properties need to be reviewed and disposals initiated if they are truly in the public interest.

I am opposed to using the reduction of Federal deficits as the preeminent criteria for public interest determinations. Land disposals must also be reviewed in the context of other national policies, such as the need to provide for low-cost food and fiber production.

I believe that existing procedures for the sale, exchange and conveyance of public lands in Western States are basically sound. There is room for improvement by reducing redtape and time delays which I hope Secretary Watt's good neighbor policy will accomplish.

There is also room to expand the program to allow States to assume ownership of lands which are better suited for State management. Further, the opportunity for State and local governments to obtain surplus Federal property for public purposes through special conveyances must continue.

Any Federal land disposal program must provide for full consultation and concurrence of affected State and local governments. To date, the administration's Property Review Board has not provided such opportunities. The Board should be directed to do so immediately.

A long-term, properly funded, and competent Federal land disposal program may indeed prove to be beneficial. However, I think local conditions and factors must be recognized and reflected throughout the program. Federal land disposals should provide for economic and community stability and not create speculation or devaluation.

The Western States historic economic ties and dependency on public land resources must be recognized and protected. Centralization of the review and assessment process at the Washington, D.C., level is improper, I think, and must be avoided.

A decentralized program with appropriate and definitive policy direction from the Washington level would enhance State and local accessibility, understanding, and involvement.

After all, Mr. Chairman, the last thing an old rancher wants to do is sell his ranch. The next to the last thing is to have to go through a New York banker while having a Philadelphia lawyer draw up the deed.

Thank you.

Senator **Wallop**. Let me say for the record that there is no proposal before the committee today. It is an oversight hearing on land sale procedures to date.

Also, I would just point out where you say you were opposed to using a reduction of the Federal deficit as a preeminent criteria for the public interest determination, I would be too. But the estimated receipts in this thing are targets only. They are not preeminent criteria that either has been directed to that Board or I don't suppose this Congress or any other one would ever permit that as being the preeminent criteria.

The managing agencies would be the ones who set up the criteria for the proposal of lands and according to the testimony we will have this morning from Assistant Secretary Carruthers, BLM has established a public participation process for the purpose of determining those criteria and get the public's judgment as to the lands which will be disposed of.

You don't have any philosophical objection, do you, to a rational inventory process, which would at least give us a sure handle on what we do on the relative value of it?

Governor **Herschler**. I have no objection to that whatsoever. The only problem I have, Mr. Chairman, is the implementation of the proposed program itself.

Senator **Wallop**. We don't have a proposed program here.

Governor **Herschler**. I understand you don't, but I also know that is a resolution before the Congress, both in the House and in the Senate, and I have read those resolutions and they scare me.

Senator **Wallop**. I understand that, but that will be the topic of a hearing on those should we ever get to those. This one really is just an oversight hearing on what is being done.

Governor **Herschler**. I understand that. I understand there is no legislation at present. This is in the form of a resolution. This is an oversight matter and I have certainly no objections to inventorying and evaluating the Federal assets. I think that is a good idea.

Senator **Wallop**. We have, as you know, we have a significant problem in some of our communities, especially in the areas where the railroad lands, those interlocking sections of lands, for instance, in Rock Springs. Federal land disposal procedures now primarily benefit the Union Pacific's holdings around Rock Springs.

Every time they reassess those they simply lever up Union Pacific's holdings around that city. Their mayor has complained on more than one occasion to me on the means by which, the law which now guides those transfers and does very little for disposing of Federal land for the benefit of either Sweetwater County or the planning capabilities of the city of Rock Springs. It does quite a little bit for Union Pacific's land management procedure.

Governor **Herschler**. I suspect, Mr. Chairman, one of the main reasons I am here this morning is that the possible privatization, if you will, of Federal lands over and above the inventory process gives us some concern. I suspect we are concerned perhaps with the lack of involvement in this matter and how this might be implemented if it comes around to fruition.

For example, whether or not you would be severing the surface from the mineral estate, what would happen if that occurred and what would be the effect on the surface owner as opposed to the mineral owner, for example, under the Surface Mining Act; whether or not there would be preferential rights granted to those who are present owners of leasehold interests; whether these would have to be cash sales; whether or not they could be installment sales, whatever.

And as Congressman Kramer pointed out this morning, I am not certain that I would like to have the Saudis owning 50 percent of Wyoming. So I bring some of these concerns to you for your consideration, if and when legislation hits your desk.

Senator **Wallop**. I appreciate it and certainly I share that with you. It is not just a simple decision that we should dispose of Federal lands, because there are a lot of other things.

Who in Wyoming, what agency within the State, would you say landlord, would you suggest would be the principal from the State's level—I mean certainly the candidate cities would want to be involved in it in some way too—but from the State level would that be the ones who would be most involved?

Governor **Herschler**. I would suggest, sir, that perhaps the State land board and our land commissioner would be one of the logical agencies to be involved. I would suspect our department of economic planning and development, which has a close relationship with our local communities, might be involved and possibly the State planning coordinator who works with the agency.

I think it would be awfully difficult to just select one particular agency. We have the recreation commission. We also have game and fish, historic preservation people, who I would suspect also would be interested in these matters.

Senator **Wallop**. Would you probably put together some mix of those things to review?

Governor **Herschler**. I am sure I would certainly be willing to try, yes, sir.

Senator **Wallop**. I appreciate that. Thank you very much.

Governor **Herschler**. Would you now like to hear Governor Lamm?

Senator **Wallop**. Yes, sir.

STATEMENT OF HON. RICHARD D. LAMM, GOVERNOR, STATE OF COLORADO, AS PRESENTED BY GOVERNOR HERSCHLER

Governor **Herschler**. I am now the Governor of Colorado.

Mr. Chairman and members of the committee—this first paragraph is very nice and I will read this to you particularly—I sincerely appreciate the opportunity afforded by my colleague, Gov. Ed Herschler, to present my testimony on the subject of Federal assets and property management. Let me say before continuing—this I would like to have you really remember, sir—that I have read Ed Herschler's remarks and I am in complete agreement with his perspective.

The resolution before the committee, Senate Resolution 231, and its companion in the House, House Resolution 265, recommend a change in the way the Federal Government manages its real property and assets. Both call upon the President to inventory the assets of the United States, estimate their value, identify which are unneeded and can be sold, and recommend legislative and administrative actions to streamline the liquidation process.

The testimony previously presented before Senator Percy has disclosed several prime examples of Federal real property, buildings, and other improvements which could be sold. After reviewing some of that testimony, I would agree that excess, unused properties should be sold and that the receipts should be credited against the Federal deficit.

At a time when all levels of government are seeking more prudent and efficient means to manage assets in order to better serve our constituents, the obvious intent and objectives of Senate Resolution 231 should be given full consideration.

What concerns me is the extent to which these proposals as well as the President's Property Review Board initiative may involve the wholesale disposal of public domain lands. I have strongly urged Senator Percy to explicitly exclude public domain lands from the process set forth in Senate Resolution 231. Congress should amend both Senate Resolution 231 and House Resolution 265 so that the public domain lands are treated the same as national parks and other national natural treasures. That is they should also be exempted from any liquidation process.

If the public lands are returned to private ownership under these or any other proposals, this Nation and the generations of Americans yet to follow will suffer a loss many times greater than the one-time fiscal harvest could ever hope to provide.

I am concerned that Senate Resolution 231 could be easily interpreted to provide direction and momentum to those who advocate prompt and large-scale sale of public lands. In response to the President's initiative, Interior's Bureau of Land Management and Agriculture's Forest Service are on a fast track to determine the extent and value of public domain lands which could be sold within or outside of existing authority.

Inquiries by several Western States and other interested parties to ascertain which lands are under consideration have been met with silence on orders from Washington.

When these actions are considered within the context of the administration's concept of privatization, that is, the sale or transfer of all public lands into private hands, one cannot help but be suspecious about the future of this Nation's public lands. Even the survivors of the Sagebrush Rebellion have seemingly shifted their objective from seeking massive transfers of Federal land to States to one of supporting the newer concept of privatization.

I would like to put my concerns in a much broader context. There is no more historically rich and profound area of public policy than that of public land and resource law. Throughout the century, the Congress of the United States has provided a full and precise body of resource law through which a fundamental principle has emerged.

That principle is simply that the public's resources be managed in a manner which benefits a broad spectrum of present and future generations.

While resource utilization issues have been very controversial, there has remained over the decades an unbroken linkage of this principle. Throughout Presidential terms and through enactment of significant resource law, the philosophy has provided that Government has a responsibility to manage resources for the broad interest of the public.

Gifford Pinchot coined the very simple saying, "The greatest good for the greatest number for the longest time."

President Theodore Roosevelt chastised the Nation for not exercising appropriate management control. I quote:

> In a word, we have thoughtlessly and to a large degree, unnecessarily diminished the resources upon which not only our prosperity but the prosperity of our children and our children's children must always depend.

Implicit in the principle of public resource management is the proper role of Government, as the steward, as the manager, as the public's agent in the allocation of its resources. The Reagan administration seems to desire to break this policy tradition and transfer heretofore public resources and responsibilities to the private sector.

I maintain that there is no need for the relationship between the Government and the private sector to be adversarial. In order for both sectors to function properly, a high level of cooperation must be established. However, the roles cannot be confused. The private sector can no more assure protection of the public interest than Government can make the marketplace function efficiently.

The new philosophy of privatization seeks to have the marketplace determine how public lands are managed. The new approach seeks to convey public lands to the private sector, to sell off our national heritage to raise funds to cover budget deficits and reduce the national debt.

While deficit reduction clearly is one of the most critical issues facing this country, I believe that to do so at the expense of our public lands is a dead end, shortsighted, and makes a mockery of the public interest of this and future generations.

In short, Mr. Chairman, I believe that the disposal of public lands and resources under any disguise, be it through a property review board or a loose interpretation of well-intended resolutions, ignores the public interest, congressional intent, and sound land management principles.

I urge you and other members of the Senate Energy and Natural Resources Committee to reject the notion that public domain and forest lands are marketable assets. I firmly believe that the public domain must remain a manageable resource, not a one-time marketable asset.

FLPMA provides a mechanism for the sale or exchange of public lands. Such transactions are to be carried out as an integral part of a comprehensive, multidisciplinary planning and inventory process which applies public and national interest criteria.

I support such sales and exchanges. In fact, several Colorado communities are presently involved in the FLPMA process to acquire badly needed land for community expansion and public facilities.

The extent to which any new Federal assets management program would restrict States, units of local government, and other nonprofit entities from acquiring Federal property at less than market value must be thoroughly reviewed. Abuses exist and mechanisms should be applied to be sure that the public interest, for which the sale or transfer was made, is fulfilled.

I firmly believe, however, that an outright preclusion of such transactions will undermine the ability of States and local governments to provide needed recreation and open space.

In summary, Mr. Chairman, I support efforts to seek a more prudent and efficient system to manage this Nation's assets. A sound and solid assets management program must have as its foundation up-to-date inventories and evaluations and unused or surplus property should be liquidated.

I would support such a program, provided that it leave intact the basic structure of the public domain landholdings. Streamlining of disposal processes should be considered and the States and affected units of local government should be consulted as to their needs and problems with existing mechanisms.

As Governor of the State of Colorado, a State in which the Federal Government owns 35 percent of the land surface and manages nearly 23 million acres of public domain, I appreciate the opportunity to comment on this issue of important public policy.

Thank you, Mr. Chairman.

[The prepared statement of Governor Lamm follows:]

Testimony
of
Richard D. Lamm
Governor, State of Colorado

Mr. Chairman and members of the Committee, I sincerely appreciate the opportunity afforded my colleague, Governor Ed Herschler, to present my testimony on the subject of federal assets and property management. Let me say before continuing that I have read Ed Herschler's remarks and I am in complete agreement with his perspective.

The resolution before the Committee (S.R. 231) and its companion in the House (H.R. 265) recommend a change in the way the federal government manages its real property and assets. Both call upon the President to inventory the assets of the United States, estimate their value, identify which are unneeded and can be sold, and recommend legislative and administrative actions to streamline the liquidation process. Testimony previously presented before Senator Percy has disclosed several prime examples of federal real property, buildings and other improvements which could be sold. After reviewing some of that testimony, I would agree that excess, unused properties should be sold and that receipts should be credited against national deficit. At a time when all levels of government are seeking more prudent and efficient means to manage assets in order to better serve our constituents, the obvious intent and objectives of S.R. 231 should be given full consideration.

What concerns me is the extent to which these proposals as well as the President's Property Review Board initiative may involve the wholesale disposal of the public domain lands. I have strongly urged Senator Percy to explicitly exclude public domain lands from the process set forth in S.R. 231. Congress should amend both S.R. 231 and H.R. 265 so that public domain lands are treated the same as national parks and other national natural treasures; that is, they should also be exempted from any liquidation process. If the public lands are returned to private ownership under these or any other proposals, this Nation and the generations of Americans yet to follow will suffer a loss many times greater than the one-time fiscal harvest could ever hope to provide.

I am concerned that S.R. 231 could be easily interpreted to provide direction and momentum to those who advocate prompt and large-scale sale of public lands. In response to the President's initiative, Interior's Bureau of Land Management (BLM) and Agriculture's Forest Service are on a fast track to determine the extent and value of public domain lands which could be sold within or outside of existing authority. Inquiries by several western states and other interested parties to ascertain which lands are under consideration have been met with silence under orders from Washington.

When these actions are considered within the context of the Administration's concept of "privatization", that is, the sale or transfer of all public lands into private hands, one cannot help but be suspect about the future of this Nation's public lands. Even the survivors of the Sagebrush Rebellion have seemingly shifted their objective from seeking massive transfers of federal land to states to one of supporting the newer concept of "privatization".

I would like to put my concerns in a much broader context. There is no more historically rich and profound area of public policy than that of public land and resource law. Throughout the century, the Congress of the United States has provided a full and precise body of resource law through which a fundamental principle has emerged. That principle is simply that the public's resources be managed in a manner which benefits a broad spectrum of present and future generations.

While resource utilization issues have been very controversial, there has remained over the decades an unbroken linkage of this principle. Throughout Presidential terms, and through enactment of significant resource law, the philosophy has provided that government has a responsibility to manage resources for the broad interest of the public. Gifford Pinchot coined the very simple saying: "The greatest good for the greatest number for the longest time."

President Theodore Roosevelt chastised the nation for not exercising appropriate management control: "In a word, we have thoughtlessly and, to a large degree, unnecessarily diminished the resources upon which not only our prosperity but the prosperity of our children and our children's children must always depend."

Implicit in the principle of public resource management is the proper role of government -- as the steward, as the manager, as the public's agent in the allocation of its resources. The Reagan Administration seems to desire to break this policy tradition and transfer heretofore public resources and responsibilities to the private sector.

I maintain that there is no need for the relationship between government and the private sector to be adversarial. In order for both sectors to function properly, a high level of cooperation must be established. However, the roles cannot be confused. The private sector can no more assure protection of the public interest than government can "make" the marketplace function efficiently.

The new philosophy of privatization seeks to have the marketplace determine how public lands are managed. The new approach seeks to convey public lands to the private sector -- to sell off our national heritage to raise funds to cover budget deficits and reduce national debt.

Senate Resolution 231 Testimony
Richard D. Lamm
May 18, 1982

While deficit reduction clearly is one of the most critical issues facing this country, I believe that to do so at the expense of our public lands is dead end, short sighted and makes mockery of the public interest of this and future generations.

I would like to briefly emphasize several important public policies which are threatened by privatization. The hallmark report of the Public Land Law Review Commission issued in 1970 set forth government's management responsibilities with clarity. The Commission first sought to reverse a policy of lands disposal and held that public lands "whose values must be preserved so that they may be used and enjoyed by all Americans" generally should be retained in federal ownership.

The comprehensive congressional rewrite of public resource law, "Federal Land Policy and Management Act of 1976" (FLPMA), sharply and soundly reaffirmed the wisdom of the Commission. FLPMA declared that public lands should be retained in federal ownership unless it was clearly determined that disposal would serve the "national interest", and, more importantly, the Act reembraced the concept of conservation. Thus, in 1976 the Congress of the United States reaffirmed that public resources should be utilized in a manner which best meets "present and future needs of the American people", and cautioned considerations beyond the "greatest economic return" should drive public resource decisions. (emphasis added)

The goal of conservation in resource management has several dimensions. First, the concepts of "multiple use" and "sustained yield" provide a goal of stretching the available resource base over time and balancing competing resource interests to achieve a broad spectrum of uses. A fundamental policy exists that a wide variety of resource uses be achieved regardless of whether they return an equal "profit" to the Treasury. Further, FLPMA reaffirmed the goal of managing certain public resources -- not for profit, not for productivity -- but to preserve "the quality of scientific, scenic, historical, ecological ... archeological values ...."

In short, Mr. Chairman, I believe that the disposal of public lands and resources under any disguise, be it through a Property Review Board or a loose interpretation of well-intended Resolutions, ignores the public interest, Congressional intent, and sound land management principles. I urge you and other members of the Senate Energy and Natural Resources Committee to reject the notion that public domain and forest lands are marketable assets. I firmly believe that the public domain must remain a manageable resource, not a one-time marketable asset.

FLPMA provides a mechanism for the sale or exchange of public lands. Such transactions are to be carried out as an integral part of a comprehensive, multi-disciplinary planning and inventory process which applies public and national interest criteria. I support such sales and exchanges. In fact, several Colorado communities are presently involved in the FLPMA process to acquire badly needed land for community expansion and public facilities.

I feel obligated to point out, however, that the Interior Department's FY 1983 budget requests for the planning and inventory functions of BLM have been drastically reduced, in some cases nearly fifty percent. Such reductions will ultimately if not immediately reduce the quality of public land inventories. Planning processes will, in my estimation, suffer and be impeded to the point that both public and private sectors will demand action for either better management or, ultimately, disposal of public lands. The Administration seems to be burning the candle at both ends. Reduced management and planning functions on public lands (in the name of budget cuts) will assure their failure as a manageable resource.

The extent to which any new federal assets management program would restrict states, units of local government and other nonprofit entities from acquiring federal property at less than market value must be thoroughly reviewed. Abuses exist and mechanisms should be applied which assure that the public interest for which the sale or transfer was made is fulfilled. I firmly believe, however, that an outright preclusion of such transactions will undermine the ability of states and local governments to provide much needed recreation and open space.

In summary, Mr. Chairman, I support efforts to seek a more prudent and efficient system to manage this Nation's assets. A sound and solid assets management program must have as its foundation up-to-date inventories and evaluations, and unused or surplus property should be liquidated. I would support such a program, provided that it leave intact the basic structure of the public domain land holdings. Streamlining of disposal processes should be considered and the states and affected units of local government should be consulted as to their needs and problems with existing mechanisms.

As Governor of the State of Colorado, a state in which the federal government owns thirty-five percent of the land surface and manages nearly 23 million acres of public domain, I appreciate the opportunity to comment on this issue of important public policy.

Senator **Wallop**. I think you would go back and reassure Governor Lamm that there, again, is no proposal before this committee and there is no fast track involved in any of the public domain. It is quite contrary to the testimony we will have here today, which indicates that there is a very determined procedure and I would just hope that you would take back to the Governor the reassurance that somebody has totally misadvised him and that it is simply not a true statement that it is in this thing.

"The Reagan administration seems to desire to break this policy position and transfer heretofore public resources and responsibilities to private sectors." There is no place where anyone can find a statement like that. So I would hope that rather than raise public fears and claim public opinion, we would wait until we have some reason to do that.

There is no such proposal out of the administration and if it were true, I would agree with the Governor. I think every other western Senator and every other person in the Congress would. I just hope you would go back and reassure him that that is not the case.

Governor **Herschler**. I certainly hope I can, Senator. I guess our whole problem is that we are aware that there is an inventory process underway, both with the Forest Service and the Bureau of Land management.

Senator **Wallop**. So there should be.

Governor **Herschler**. We certainly have not been apprised of any of their activities, other than we know there is an inventory and I guess it gives rise to concern.

I hope you understand, sir, that we are quite a distance from the Potomac and we have a little problem sometimes communicating. That may be one of our problems. But I will assure Governor Lamm of your concerns and what you have told me today.

Senator **Wallop**. Thank you.

Senator **Murkowski**. Mr. Chairman, I would like to respond. Governor, your testimony was, certainly, I think, greatly appreciated, because you and Governor Lamm have indicated what I think is a point of some confusion and I certainly echo the words of Senator Wallop with regard to the perception that there is some effort afoot to dispose of our national heritage, namely our public lands, and speaking as a junior Senator from Alaska, where the largest amount of public land is in any one State, I assure you it is not my intention to stand by and see that occur.

However, I don't think that is the case. I think that there is a justifiable need for a resource analysis of the classification of our public lands and I am looking forward throughout this hearing, Mr. Chairman, to have provided for us just those various classifications of public lands to determine what land is not, if, in fact, that is the case, not in any public classification of any kind and what the intention is to do with that land.

It is certainly my understanding as one of the sponsors of the resolution, I think Senator Percy, that we take a look at the assets of the Federal Government and see what the Federal Government is using. Certainly the public lands are an asset.

It is not my perception that public lands are what we are considering disposing of. It is my understanding that we are looking at a trillion-dollar cost figure of various real properies which the Federal Government owns, which are improved, and not utilized, such as port facilities and, well, you can look around Washington, D.C. at some of the areas down by the river and see all kinds of Federal property that has no utilization whatsoever.

And I guess my point is to assure you, Governor, that I think our concerns are parallel here. And as a member of this committee, I want to assure you that speaking as a junior Senator from Alaska, I am not going to stand by and see our public lands put on the block and please take that back, because evidently there is a misunderstanding, Mr. Chairman.

Governor **Herschler**. That certainly has given us concern, Senator, and I realize and I am delighted to hear your position on it and certainly I will convey that message to Governor Lamm and to my constituents.

Senator **Murkowski**. I refer as an example to a statement by the U.S. General Accounting Office reported to the Secretary, entitled "Delay in Disposing of Former Communication Sites in Alaska, Millions of Properties Lost, Public Safety Jeopardized."

Frankly, it is my observation, and I am sure that you must share that, that the Federal Government has a very poor track record of getting rid of anything that it no longer uses.

Senator **Wallop**. Realizing you cannot speak for Governor Lamm, you would not take the position, would you, that no lands in the public domain could be disposed of or exchanged, traded to make the State of Wyoming's land management decisions more useful or—granted there are problems with commingled private and Federal lands—for better management?

Governor **Herschler**. Well, Senator, in my State, I do know that there is a procedure and has been a procedure for a rancher that may have an isolated tract of Federal land within his property that is made available to him. He has a preference right and so on to bid that by an appraised value.

I suspect what has given us concern is whether or not a rancher who has a National Forest Service permit and a BLM permit, if you will, would have that, some of that forest land that would be sold, say, to a subdivider or a speculator, which would be an integral part of his operation and it has been historically that for many, many years, ever since the beginning of the Forest Service back, I think, in 1914 or whenever it was and the Taylor Grazing Act of about 1934. These operations are built on that.

I have no problem with inventorying it and valuing it if that would make a difference in the fees to be charged. I suspect there are a lot of people who feel that the ranchers are being subsidized, if you will.

On the other hand, some day in my State our natural resources are going to be gone and we are going to have to go back again, if you will, to our basic industry, which was agriculture until the last 7 or 8 years. Of course, there are lots of things that I do not think that you can put in as a cost basis.

And I am talking about recreation and some of the esthetic values that the tourists and the hunter and the fishermen value, and I am not sure you can just put a cost value on that in your inventory process.

Senator **Wallop**. But surely there are some areas in the State where interlocking land patterns would greatly benefit both the State and Federal Government and any private landholders. There was a sensible approach to seeing if some of those problems could not be resolved through transfer or exchange.

Governor **Herschler**. Some of those, and I suspect there is another problem you may run into in those checkerboard patterns that you are talking about along the Union Pacific, in those particular checkerboard areas, there is a great multiple use of those lands. We have mining and grazing and habitats for wildlife.

Senator **Wallop**. I am not talking about those. I am saying west of Casper, for example, or some areas where people have serious problems, with wild horses, for example, grazing on their private land and there is no means by which they can seek any redress.

I think, to say that under no circumstances could exchanges or disposal be considered, probably is not in a land management interest from either the standpoint of the State or the people occupying those lands, which specific one I would not know. But I am just Sure there are situations that exist where it would be of benefit to everybody to straighten out those ownership patterns.

Governor **Herschler**. Don't get me wrong, Senator, I am not opposed, I am not here to say to you this morning that you should not sell any land, no, sir.

Senator **Wallop**. Thank you very much, Governor.

Governor **Herschler**. Thank you, Senator.

Senator **Wallop**. The next witness is the Honorable Joseph Wright, Deputy Director of OMB, accompanied by Bruce Selfon, Acting Executive Director, Property Review Board.

STATEMENT OF HON. JOSEPH R. WRIGHT, DEPUTY DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, ACCOMPANIED BY BRUCE SELFON, ACTING EXECUTIVE DIRECTOR, PROPERTY REVIEW BOARD

Mr. **Wright**. Thank you very much, Mr. Chairman. By the way I appreciate the comments that both of you have made during the previous witness. You just took away about half of my testimony for the administration.

Senator **Wallop**. Wonderful; we have a lot of people to go.

Mr. **Wright**. So I will be very brief. You did reflect the sentiments of the administration exactly. This is not something that I consider to be a foolish or irresponsible exercise, quite the contrary. I think it is probably one of the first times that we have tried to work with the Congress in terms of putting together a package that reflects the good management of our assets.

And I must say that from my viewpoint it is about time and it is overdue.

Mr. Chairman, I do appreciate the opportunity to appear before you and discuss the President's property management initiative. With your permission, I would like to submit my testimony for the record and very briefly summarize it here.

Senator **Wallop**. Your statement will be entered into the record.

Mr. **Wright**. The goals of the initiative are simple. First, to do a thorough review of the real property holdings of the Federal Government, to improve the management of the property, to expedite the sale of unneeded property, and simply to apply the proceeds to reducing the national debt.

A previous witness was correct in saying that the U.S. Government does own 744 million acres of land and 405,000 buildings. First, I would like to discuss our acquired and approved properties. Mr. Chairman, we have not managed these assets in a manner that saves cost to the Federal Government or even promotes the best use.

First, there is a lack of the most basic information on these properties. Second there are few incentives for agencies to evaluate the property holdings and to even make sure that the best use philosophy is followed. Third, past policies neither return to the Federal Government the full value of the property nor insure its protective use.

There is no way to insure that agencies manage their properties efficiently right now. There are no policies to respond to the changing market demands for alternative uses of land. We maintain operations on high value sites and there are problems in the manner the Government disposes of this excess real property, as you know.

When an agency relinquishes a property excess to its needs, that property must first be offered to other Federal agencies. And the receiving agencies almost always acquire these properties at no cost. There is no incentive to evaluate acquisitions with competing budgetary demands or to compete with the private sector bidders.

Mr. Chairman, very simply, the taxpayer bears the ultimate loss.

Another method of disposal, which has been promised, is discount or no-cost property conveyances to State, local, and nonprofit entities, which represent over 60 percent of the total disposal actions.

In some cases these properties are never put to the statutorily required use, primarily because grantees are unable to secure financing for development. And the oversight by the monitoring agencies has been minimal.

The third method of disposal is that of negotiated sales. The GSA Administrator has authority to negotiate sales with State and local governments rather than go through a public bidding process, which has resulted in long and costly delays.

Now, with this in mind, the administration has made several policy changes to address the problems. First, any Federal agency that receives real property declared excess by another Federal agency must now pay 100 percent of the fair market value.

Executive Order 12348 established the Presidential Property Review Board to oversee this management initiative. The Chairman of the Board is Ed Harper, who is the Assistant to the President for Policy Development. And the other members are Ed Meese, Dave Stockman, Jim Baker, William Clark, Murray Weidenbaum, and Gene Carmen.

We could not have gotten more senior members, Mr. Chairman, of this Board, which just shows how seriously this administration does take the initiative. The Executive order also calls for all Federal agencies to, first, review the property holdings and identify those that are unutilized. We have received the initial reports from the agencies and are now analyzing them.

Second, to develop a list of high priority properties to be marketed for sale. Third, to review the existing disposal procedures and, fourth, to accelerate the sale of property. We are also exploring use of the private sector to assist in marketing the properties and are looking at financing alternatives to make the purchase of Federal property more attractive.

Mr. Chairman, legislation will be needed to deposit the proceeds from surplus sales in a special account to retire the national debt, rather than put it in the Land and Water Conservation Fund. We do not see that there will be any impact in the level of funding available for this fund, primarily because most of its receipts come from Outer Continental Shelf leasing.

Now, let me turn to the public lands. The overwhelming majority of Federal landholdings are the public lands managed by BLM and the Forest Service. They present a different set of issues than the real property holdings under GSA and other agency management. And so therefore we have approached the review on a much longer time frame.

Our budget proposals include no revenue from their sale in 1983 and a rough goal of $2 billion in fiscal 1984. We are presently working on several major tasks to present a complete program and the necessary legislation for selective and very careful disposal.

They include developing criteria concerning the public lands which can be sold, estimating the amount and value of land that would be available for disposal, reviewing statutory authorities for any modifications, and developing the process for sales.

We began with a very simple criteria for the lands for sale, which include lands that cannot be efficiently managed due to the small size and the location; parcels proximate to urban and surburban areas that would contribute to economic development; and properties that may have potential for higher and better use in private ownership.

Mr. Chairman, these may not be the final criteria. But we are developing them at the present time and this is where we started. There has been some confusion, as you have already noticed, that there is an intent to sell off the national parks or the wilderness areas. I would like to make it clear right now, Mr. Chairman, that never was the case nor is it the case now.

At this time no particular parcels or tracts of public lands have specifically been identified for sale that were not in that category before this program before.

We have also been studying the processes by which public lands have been sold or exchanged in the past and will need to improve and streamline those past practices.

In summary, let me say that many of the issues surrounding the sale of public lands are complex. There is no question about that and we have a full understanding of that point of view. Your committee appreciates this point better than anyone. And I believe we agree that this whole exercise must be accomplished with sensitivity.

It is for this reason that we are not rushing headlong into this program and why we feel it is necessary to proceed surely and steadily.

Let me briefly summarize. The administration is committed to improving the management of assets and will continue to insure protection of those lands that are held in the public trust by the Federal Government while meeting the Government's obligation to control and dispose of unneeded property assets in the most business-like and economical manner possible.

We are looking forward to working closely with the Congress in a joint effort throughout this entire process and I would be pleased to answer any questions you may have, Mr. Chairman.

[The prepared statement of Mr. Wright follows:]

STATEMENT OF HON. JOSEPH R. WRIGHT, DEPUTY DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

INTRODUCTION

THANK YOU, MR. CHAIRMAN, FOR THE OPPORTUNITY TO APPEAR BEFORE YOU AND DISCUSS THE PRESIDENT'S PROPERTY MANAGEMENT INITIATIVE. LET ME BRIEFLY DESCRIBE THE GOALS OF THE INITIATIVE, ITS CONTEXT, AND SET IN PERSPECTIVE OUR OVERALL APPROACH. I KNOW YOU HAVE AN INTEREST IN THE WHOLE PROGRAM, BUT I WOULD LIKE TO FOCUS IN PARTICULAR ON THE PUBLIC LANDS PORTION.

YOU HAVE INVITED THE KEY FEDERAL AGENCIES THAT ARE WORKING WITH US TO TESTIFY. THEY WILL BE ABLE TO DESCRIBE IN MORE DETAIL THEIR ACTIVITIES.

GOALS

THE GOALS OF THIS INITIATIVE ARE:

- TO DO A THOROUGH REVIEW OF THE REAL PROPERTY HOLDINGS OF THE FEDERAL GOVERNMENT AND THE USES TO WHICH THESE HOLDINGS ARE BEING PUT;

- TO IMPROVE THE MANAGEMENT OF THIS PROPERTY;

- TO EXPEDITE THE SALE OF UNNEEDED PROPERTY TO PUT IT TO HIGHER AND BETTER USE IN THE PRIVATE SECTOR; AND

- TO APPLY THE PROCEEDS TO BEGIN REDUCING THE NATIONAL DEBT.

VASTNESS OF FEDERAL HOLDINGS

ACCORDING TO THE MOST RECENT SUMMARY REPORT OF FEDERAL REAL PROPERTY HOLDINGS (REPORTED IN 1979 AND PUBLISHED IN 1981), IT IS ESTIMATED THAT THE U.S. GOVERNMENT OWNS APPROXIMATELY 744 MILLION ACRES OF LAND, OR CLOSE TO ONE THIRD OF THE U.S. LAND MASS. THE GOVERNMENT'S VAST HOLDINGS INCLUDING 405,000 BUILDINGS WITH 2.6 BILLION SQUARE FEET OF BUILDING SPACE. ALTHOUGH THESE ARE NOT ALL OFFICE BUILDINGS, THIS AMOUNT OF SPACE IS ABOUT FOUR TIMES LARGER THAN ALL OF THE OFFICE SPACE IN THE NATION'S TEN LARGEST DOWNTOWNS.

THE FEDERAL GOVERNMENT OWNS REAL PROPERTY IN EACH OF THE 50 STATES AND THE DISTRICT OF COLUMBIA. THE PROPORTION OF FEDERAL OWNERSHIP VARIES WIDELY FROM STATE TO STATE--FROM OVER 50% OWNERSHIP OF IDAHO, OREGON AND NEVADA, TO LESS THAN 1% OF NEW YORK, CONNECTICUT AND OHIO.

THE DEPARTMENTS OF AGRICULTURE AND INTERIOR MANAGE THE GREATEST PORTION OF THESE HOLDINGS, ABOUT 710 MILLION ACRES OF FEDERAL LAND, MUCH OF WHICH IS UNDEVELOPED. APPROXIMATELY 20% OF THESE LANDS ARE IN RELATIVELY RESTRICTED USES, SUCH AS REFUGES, WILDERNESS AREAS, AND NATIONAL PARKS. LET ME PAUSE HERE TO STATE CATEGORICALLY THAT OUR INTENTION TO IMPROVE THE MANAGEMENT OF OUR HOLDINGS WILL NOT JEOPARDIZE OUR NATIONAL TREASURES SUCH AS LANDS THAT HAVE BEEN SET ASIDE FOR NATIONAL PARKS AND SIMILAR PURPOSES.

The remaining large public land tracts are generally managed for various purposes such as grazing, energy and mineral development, dispersed recreation, and timber production.

Thirty-three million acres of land are held by civilian and defense agencies which have acquired and developed property to support agency missions. The Department of Defense owns over 90% of this acreage, an area larger than the entire State of Pennsylvania. Over the past 20 years, total acquired holdings have increased by 4 million acres--an increase of almost 14%. Disposal of developed properties is handled by the General Services Administration under the Federal Property and Administrative Services Act of 1949.

Acquired and Improved Properties

For properties subject to GSA review and disposal, the following conditions generally hold. Historically, the Federal Government has not managed these real property assets in a manner that saves costs to the Federal Government or promotes the highest and best use of the Nation's real property.

- First, there is a lack of the most basic information to identify unneeded property that the Federal Government holds or the value of Federal property generally.

- SECOND, THERE ARE FEW INCENTIVES FOR AGENCIES TO EVALUATE THEIR PROPERTY HOLDINGS WITH REGARD TO PROPERTY THAT IS UNUSED OR PARTIALLY USED; AND THERE ARE VIRTUALLY NO INCENTIVES FOR FEDERAL AGENCIES TO EVALUATE, AS WOULD A PRIVATE FIRM, WHETHER THEIR MISSIONS COULD BE ACCOMPLISHED ON LESS VALUABLE LAND THAN THAT WHICH THEY NOW OCCUPY.

- THIRD, PAST POLICIES USED TO DISPOSE OF FEDERAL PROPERTY HAVE NEITHER RETURNED TO THE FEDERAL GOVERNMENT THE FULL VALUE OF THE PROPERTY NOR ENSURED THAT IT WILL BE PUT TO THE MOST PRODUCTIVE USE.

BECAUSE THERE ARE NO ACCURATE ACCOUNTING OR REVIEW MECHANISMS FOR LAND HOLDINGS, THERE IS NO WAY TO ENSURE THAT AGENCIES MANAGE PROPERTIES EFFICIENTLY. IF AN AGENCY IS REDUCING OR EVEN ELIMINATING OPERATIONS ON A PARTICULAR SITE, THERE IS LITTLE INCENTIVE TO DECLARE THE PROPERTY EXCESS AND GIVE IT UP.

IN ADDITION TO THE PRACTICE OF MAINTAINING UNNEEDED PROPERTY ASSETS, THE FEDERAL GOVERNMENT HAS NOT EVALUATED LAND HOLDINGS AGAINST THE CRITERION OF HIGHEST AND BEST USE. SOME FEDERAL HOLDINGS THAT WERE INITIALLY ACQUIRED AT LOW COST HAVE SUBSTANTIALLY APPRECIATED IN VALUE BECAUSE OF CHANGING LAND USE PATTERNS. THERE HAVE BEEN NO POLICIES OR MECHANISMS TO RESPOND TO CHANGING MARKET DEMANDS FOR ALTERNATIVE USES OF LAND AND STRUCTURES AS HAVE PRIVATE SECTOR OWNERS OF REAL PROPERTY.

GOVERNMENT AGENCIES CONTINUE TO MAINTAIN OPERATIONS ON HIGH VALUE SITES EVEN THOUGH THESE OPERATIONS COULD BE RELOCATED TO LOWER COST AREAS WITHOUT ANY NEGATIVE EFFECTS ON PROGRAMS.

BEYOND THE ISSUE OF UNDERUTILIZED AND HIGHLY VALUED HOLDINGS, THERE HAVE BEEN A NUMBER OF PROBLEMS IDENTIFIED REGARDING THE MANNER IN WHICH THE GOVERNMENT DISPOSES OF EXCESS REAL PROPERTY.

WHEN A FEDERAL HOLDING AGENCY RELINQUISHES A PROPERTY EXCESS TO ITS NEEDS, THAT PROPERTY BY LAW MUST FIRST BE OFFERED TO OTHER FEDERAL AGENCIES. UNTIL RECENTLY, RECEIVING AGENCIES HAVE ALMOST ALWAYS ACQUIRED THESE PROPERTIES AT NO COST. SINCE THESE PROPERTY TRANSFERS WERE ESSENTIALLY FREE ACQUISITIONS THERE WAS NO ECONOMIC INCENTIVE FOR FEDERAL AGENCIES TO EVALUATE SUCH ASSET ACQUISITIONS IN THE CONTEXT OF COMPETING BUDGETARY DEMANDS OR COMPETE WITH PRIVATE SECTOR BIDDERS TO DETERMINE THE MOST PRODUCTIVE USE. FURTHER, BECAUSE THESE PROPERTIES, WHICH COULD GENERATE RECEIPTS TO THE TREASURY, WERE WITHHELD FROM PUBLIC SALE, THE TAXPAYER BORE THE ULTIMATE LOSS.

A SECOND METHOD OF DISPOSAL IS DISCOUNT OR NO-COST PROPERTY CONVEYANCES TO STATE, LOCAL AND NON-PROFIT ENTITIES FOR PUBLIC BENEFIT USE. ACCORDING TO GSA, DONATIONS OF THIS TYPE HAVE HISTORICALLY REPRESENTED OVER 40% OF TOTAL DISPOSAL ACTIONS. AUTHORITY FOR PUBLIC BENEFIT CONVEYANCES HAS BEEN GRANTED BY CONGRESS FOR A NUMBER OF SPECIFIC PURPOSES, SUCH AS HEALTH, EDUCATION AND RECREATION.

IN SOME CASES DONATED PROPERTIES ARE NEVER PUT TO THE STATUTORILY REQUIRED USE, PRIMARILY BECAUSE GRANTEES ARE UNABLE TO SECURE FINANCING FOR DEVELOPMENT. OVERSIGHT OF DONATED PROPERTY BY FEDERAL MONITORING AGENCIES HAS BEEN MINIMAL AND REVERSION ACTIONS TO RETURN PROPERTIES TO THE FEDERAL GOVERNMENT RARELY OCCUR.

A THIRD METHOD OF DISPOSAL IS THAT OF NEGOTIATED SALES. THE ADMINISTRATOR OF GSA HAS AUTHORITY TO NEGOTIATE SALES WITH STATE AND LOCAL GOVERNMENTS RATHER THAN OFFER PROPERTIES THROUGH A PUBLIC BID PROCESS PROVIDED THAT THE ESTIMATED FAIR MARKET VALUE AND OTHER SATISFACTORY TERMS ARE OBTAINED. THE ADMINISTRATION SUPPORTS THE PRINCIPLE OF THIS PRACTICE, BUT THIS CATEGORY OF SALES HAS A HISTORY OF LONG AND COSTLY DELAYS.

POLICY INITIATIVES

THE ADMINISTRATION HAS MADE SEVERAL POLICY CHANGES TO ADDRESS THE PROBLEMS I HAVE JUST DESCRIBED. WE BELIEVE THESE POLICY INITIATIVES WILL YIELD IMMEDIATE RESULTS.

FOR EXAMPLE, STATUTORILY, IT IS WITHIN THE DISCRETION OF THE DIRECTOR OF OMB AND THE ADMINISTRATOR OF GSA TO SET THE RATE OF COMPENSATION FOR INTERAGENCY FEDERAL PROPERTY TRANSFERS. GSA HAS, THEREFORE, PREPARED AND IS IN THE PROCESS OF ISSUING A REGULATION REQUIRING ANY FEDERAL AGENCY THAT RECEIVES REAL property that has been declared excess by another Federal agency to pay 100% of the fair market value of that property. This requirement will force agency managers to scrutinize all new property acquisitions in the context of competing budgetary demands. It is anticipated that this change will result in a decrease in property transfers within the Federal community and, consequently, an increase in properties available for sale to the public.

Executive Order 12348

The President signed on February 25, 1982, Executive Order 12348. This Executive Order established the Presidential Property Review Board with responsibility for reviewing and developing Federal real property acquisition, utilization, and disposal policies to ensure that unneeded and underutilized Federal property is made available for sale at fair market value. This Board will oversee the President's property management initiative.

The Chairman of the Board is Edwin L. Harper, Assistant to the President for Policy Development. The other members are: Edwin Meese, Counselor to the President; David Stockman, Director of Office of Management and Budget; James Baker, Chief of Staff and Assistant to the President; William Clark, Assistant to the President for National Security Affairs; Murray Weidenbaum, CHAIRMAN OF THE COUNSEL OF ECONOMIC ADVISERS; AND GERALD CARMEN, ADMINISTRATOR OF GENERAL SERVICES. AS YOU CAN SEE, MR. CHAIRMAN, THIS BOARD IS MADE UP OF THE MOST SENIOR MEMBERS OF THE WHITE HOUSE STAFF AND REFLECTS THE HIGH LEVEL OF COMMITMENT THAT THE PRESIDENT ATTACHES TO THE PROGRAM.

THE EXECUTIVE ORDER CALLS FOR ALL FEDERAL AGENCIES TO REVIEW THEIR CURRENT REAL PROPERTY HOLDINGS AND IDENTIFY THOSE PROPERTIES THAT ARE UNUTILIZED, PARTIALLY UTILIZED, OR NOT BEING PUT TO OPTIMUM ECONOMIC USE. WE HAVE RECEIVED INITIAL REPORTS AND STAFF IS WORKING HARD AT ANALYZING THEM.

THE BOARD INTENDS TO REVIEW THE RESULTS OF THIS INITIAL SURVEY AND THEN DEVELOP, WITH THE AGENCIES' COOPERATION, A LIST OF HIGH PRIORITY PROPERTIES TO BE MARKETED FOR SALE. THE PRIORITIES WILL BE SET ON THE BASIS OF THOSE PROPERTIES THAT HAVE THE HIGHEST POTENTIAL COMMERCIAL VALUE AND ALSO ARE THE MOST SALEABLE.

IN A COMPLEMENTARY EFFORT TO IMPROVE THE SALES PROCEDURES OF THE GENERAL SERVICE ADMINISTRATION, THE OFFICE OF MANAGEMENT AND BUDGET HAS INITIATED A REVIEW OF EXISTING DISPOSAL PROCEDURES. AS WE INDICATED, MR. CHAIRMAN, THERE IS ALREADY ON HAND AN EXTENSIVE INVENTORY OF PROPERTY THAT IS AVAILABLE FOR SALE. WE BELIEVE THAT THE PRESENT REVIEW WILL IDENTIFY ADDITIONAL CANDIDATES AND THAT THE QUALITY OF PROPERTIES IDENTIFIED WILL BE HIGHER IN TERMS OF VALUE AND MARKETABILITY. DESPITE THE PREVIOUS CONSCIENTIOUS EFFORTS OF THE GENERAL SERVICES ADMINISTRATION, MANY PROPERTIES HAVE BEEN ON THE INVENTORY FOR A LONG TIME. WE, ALONG WITH GENERAL SERVICES ADMINISTRATION, ARE TAKING A LOOK AT THE SITUATION AND WILL CHANGE PROCEDURES WHERE NECESSARY TO ACCELERATE THE SALE OF PROPERTY. FOR EXAMPLE, WE ARE EXPLORING USE OF THE PRIVATE SECTOR TO ASSIST IN MARKETING THE PROPERTIES AND FINANCING ALTERNATIVES TO MAKE THE PURCHASE OF FEDERAL PROPERTY MORE ATTRACTIVE.

LEGISLATION WILL BE NEEDED TO DEPOSIT THE PROCEEDS FROM SURPLUS REAL PROPERTY SALES IN A SPECIAL ACCOUNT TO RETIRE THE NATIONAL DEBT RATHER THAN IN THE LAND AND WATER CONSERVATION FUND. IN THE PAST THESE PROCEEDS HAVE MADE UP A VERY SMALL PORTION OF LAND AND WATER CONSERVATION FUND RECEIPTS; AND OTHER SOURCES OF REVENUES, NOTABLY OUTER CONTINENTAL SHELF RECEIPTS, AUTOMATICALLY BACKFILL TO MAINTAIN THE FUND AUTHORIZED ANNUAL INCOME.

THE PUBLIC LANDS

LET ME NOW TURN TO THE PUBLIC LANDS.

IN TERMS OF RAW ACREAGE THE OVERWHELMING MAJORITY OF FEDERAL LAND HOLDINGS ARE PUBLIC LANDS. CONSISTENT WITH THE DIRECTIVES OF THE PRESIDENT, WE ARE SEEKING TO UNDERTAKE A COMPREHENSIVE REVIEW OF THESE HOLDINGS. THE BULK OF THESE LANDS ARE BEING MANAGED BY THE BUREAU OF LAND MANAGEMENT OF THE DEPARTMENT OF THE INTERIOR AND THE DEPARTMENT OF AGRICULTURE'S FOREST SERVICE.

THE PUBLIC LANDS PRESENT A DIFFERENT SERIES OF ISSUES THAN THE REAL PROPERTY HOLDINGS UNDER GSA AND OTHER AGENCY MANAGEMENT. THESE LANDS ARE VAST; THERE HAS BEEN A GENERAL POLICY IN THE PAST OF RETAINING THE BULK OF THESE LANDS IN FEDERAL OWNERSHIP; THEY ARE CONCENTRATED IN THE WESTERN STATES; AND ONLY LIMITED AUTHORITY EXISTS FOR THEIR SALE. BECAUSE THEY ARE DIFFERENT, WE HAVE APPROACHED THEIR REVIEW ON A LONGER TIME FRAME, ALLOWING FOR THE NEED TO DO SOME RATHER CAREFUL PLANNING IN THE DEVELOPMENT OF A SPECIFIC PROGRAM, DEVELOPMENT OF LEGISLATION IF NECESSARY, AND DETERMINATION OF OPTIMUM MECHANISMS FOR DISPOSAL. THIS IS A MANAGEMENT INITIATIVE OF THE PRESIDENT AND WE INTEND TO IMPLEMENT THIS PROGRAM IN A DELIBERATE FASHION.

YOU MAY RECALL THAT THE BUDGET INCLUDES NO REVENUES FROM THEIR SALE IN 1983 AND A ROUGH GOAL OF $2 BILLION IN 1984. THIS IS BECAUSE WE RECOGNIZE THE NEED TO TAKE THE NECESSARY TIME TO CONSIDER THE ISSUES INVOLVED IN SELLING PUBLIC LANDS THAT SHOULD NOT BE RETAINED IN FEDERAL OWNERSHIP.

WE ARE PRESENTLY WORKING ON SEVERAL MAJOR TASKS WHICH NEED TO BE ACCOMPLISHED BEFORE WE CAN PRESENT A COMPLETE AND DEFINITIVE PROGRAM AND THE NECESSARY LEGISLATION. THESE TASKS INCLUDE:

- DEVELOPMENT OF CRITERIA TO IDENTIFY THOSE PUBLIC LANDS WHICH CAN BE SOLD, WHICH SHOULD BE KEPT IN FEDERAL OWNERSHIP, AND WHICH SHOULD BE STUDIED BEFORE PLACING IN EITHER CATEGORY;

- ESTIMATES OF THE AMOUNT AND VALUE OF LAND THAT FIT THE DISPOSAL CRITERIA SO THAT THE PROGRAM SIZE AND PACE CAN BE MORE ACCURATELY DETERMINED;

- PRESENT STATUTORY AUTHORITIES REVIEWED FOR ANY MODIFICATIONS NECESSARY OR DESIRABLE; AND

- THE PROCESS FOR SALES DEVELOPED, INCLUDING ADEQUATE PROTECTION OF ENVIRONMENTAL, CULTURAL HISTORIC AND SCENIC VALUES, INCORPORATING PRIVATE SECTOR PARTICIPATION, IDENTIFYING SPECIFIC PARCELS FOR SALE, AND DEFINING STAFFING AND BUDGETARY REQUIREMENTS.

LET ME DISCUSS EACH ONE OF THESE TASKS IN MORE DETAIL.

CRITERIA FOR IDENTIFYING LANDS FOR SALE

WE BEGAN WITH RATHER SIMPLE CRITERIA FOR LANDS IMPLICIT IN CONCEPTS IN THE FEDERAL LAND POLICY AND MANAGEMENT ACT THAT MIGHT BE SET FOR SALE:

- LANDS THAT CANNOT BE EFFICIENTLY MANAGED DUE TO THE SMALL SIZE AND LOCATION OF THE PARCELS.

- PARCELS PROXIMATE TO URBAN OR SUBURBAN AREAS THAT WOULD CONTRIBUTE TO LOCAL ECONOMIC DEVELOPMENT.

- CAREFULLY SELECTED PROPERTIES THAT MAY HAVE POTENTIAL FOR HIGHER AND BETTER USE IN PRIVATE OWNERSHIP, E.G., PROPERTIES MANAGED BY THE CORPS OF ENGINEERS AND BUREAU OF RECLAMATION THAT MAY NO LONGER BE NEEDED FOR EFFICIENT PROJECT MANAGEMENT BUT MAY HAVE HIGH VALUE FOR PRIVATE DEVELOPMENT.

THESE MAY NOT BE THE FINAL CRITERIA. IN ORDER TO HAVE A CLEARER UNDERSTANDING OF FEDERAL HOLDINGS, WE ASKED THE DEPARTMENTS TO LOOK AT ALL OF THEIR HOLDINGS AGAINST THESE AND OTHER CRITERIA THEY MIGHT PROPOSE. BECAUSE OF THE COMPREHENSIVENESS OF THIS REVIEW THERE MAY HAVE BEEN SOME CONFUSION THAT THERE WAS AN INTENT TO SELL OFF THE NATIONAL PARKS OR WILDERNESS AREAS. THAT WAS NEVER THE CASE AND IT IS NOT THE CASE NOW. WE WERE UNDERTAKING A REVIEW, NOT DEVELOPING A SALES LIST. WE ALSO WANTED SOME CONSCIOUS THOUGHT DIRECTED TOWARD WHAT SHOULD BE RETAINED IN FEDERAL OWNERSHIP, AS WELL AS WHAT MIGHT BE SOLD.

AGRICULTURE AND INTERIOR ASKED THEIR FIELD STAFFS TO IDENTIFY POTENTIAL PARCELS THAT WOULD FIT THESE INITIAL CRITERIA. FROM THIS INITIAL EXERCISE WE RECEIVED A ROUGH INVENTORY OF LANDS FITTING THESE CATEGORIES. AS WE EXPECTED, THIS EFFORT ALSO RAISED A NUMBER OF QUESTIONS WHICH MUST BE EXAMINED AND ANSWER BEFORE PARCELS COULD BE PLACED FOR SALE. FOR EXAMPLE:

- WERE THE INITIAL CRITERIA USED IN THEIR IDENTIFICATION THE RIGHT ONES? HOW SHOULD THEY BE MODIFIED?

- HOW SHOULD LANDS PRESENTLY PLANNED FOR EXCHANGE BE TREATED? IN MANY CASES, EXCHANGES ARE PROPOSED TO "BLOCK UP" LANDS SO THAT MORE EFFICIENT MANAGEMENT WILL RESULT. LANDS PROPOSED FOR EXCHANGE MAY ALSO FIT THE SAME CRITERIA AS THOSE IDENTIFIED FOR SALE. IN OTHER CASES, THE EXCHANGE MECHANISM IS USED TO ACQUIRE LANDS "OFF-BUDGET", THAT IS, WITHOUT GOING THROUGH THE MORE RIGOROUS APPROPRIATION PROCESS. EXCHANGES ON A LARGE SCALE COULD UNDERCUT A MAJOR GOAL OF THE PROGRAM--TO RETIRE THE NATIONAL DEBT, SINCE NO REVENUES WOULD FLOW FROM THEM.

- HOW SHOULD PARCELS BE TREATED THAT MAY HAVE HAD OLD MINING CLAIMS STAKED ON THEM? THE VALIDITY OF A MINING CLAIM IS NOT ADJUDICATED UNTIL THE CLAIMANT APPLIES FOR A PATENT, ALTHOUGH A CLAIM MAY BE INVALIDATED SOONER THAN THAT IF CERTAIN PROCEDURAL REQUIREMENTS ARE NOT MET.

- WHETHER THE SUBSURFACE MINERAL ESTATE SHOULD BE CONSIDERED FOR DISPOSAL AND IF SO, UNDER WHAT CONDITIONS?

WE FEEL THIS FIRST ROUND OF REVIEW BY KNOWLEDGEABLE PROFESSIONALS IN THE FOREST SERVICE AND THE BUREAU OF LAND MANAGEMENT HAS BEEN EXTREMELY VALUABLE IN IDENTIFYING CONCERNS THAT ARE TANGIBLE AND REAL. HOWEVER, WE ARE STILL WRESTLING WITH CONCEPTS AND ARE ONLY IN THE EARLY STAGES OF PLANNING A PROGRAM. WE ARE EXAMINING AND IDENTIFYING THE ISSUES THAT AROSE IN THIS FIRST ROUND THAT WILL NEED AGENCY AND PROPERTY REVIEW BOARD RESOLUTION.

Program Size

The President's budget calls for the public land sales to produce $2 billion in revenues beginning in FY 1984. This was a rough estimate of the sales potential. We have seen nothing that would indicate this target is not realistic, but much work remains to develop an operational program. Estimated values could go from less than $100 an acre for arid range land to over $10,000 an acre for land with water and road access and zoned for residential or commercial use. One parcel of BLM land in Las Vegas, Nevada, recently sold for $50,000 an acre--an indication of the high end of the spectrum.

Until we finish working out these criteria as to what should be retained, disposed of, or studied further, then apply them against our land holdings and do a rough appraisal of the results, we cannot provide a definitive schedule of sales and budget receipts. At this time, no particular parcels or tracts of public lands have been identified for sale as a result of this program.

Statutory and Regulatory Changes

We have done a survey of current authorities relating to the disposal of public lands by the Departments of Agriculture and Interior, but until the program plan is developed in further

DETAIL, WE WILL NOT HAVE A COMPLETE LEGISLATIVE PACKAGE TO PROPOSE.

OTHER ISSUES REQUIRE FURTHER STUDY BEFORE PROPOSALS CAN BE MADE. AN EXAMPLE OF SUCH AN ISSUE IS WHETHER STATUTORY OR REGULATORY CHANGES AROUND THE FINANCING OF SALE SHOULD BE MADE, I.E., WHETHER TO OFFER CREDIT FINANCING AND A BROADER RANGE OF TERMS, AS DO PRIVATE SELLERS. CURRENTLY BLM REGULATIONS REQUIRE 20% DOWN AND THE BALANCE IN CASH IN 30 DAYS.

PROGRAM PROCEDURES

WE HAVE ALSO BEEN STUDYING THE PROCESSES BY WHICH PUBLIC LANDS HAVE BEEN SOLD OR EXCHANGED IN THE PAST, SO AS TO BE ABLE TO ESTIMATE LEAD TIMES INVOLVED IN SALE, COMPLEXITY, STAFFING AND BUDGET REQUIREMENTS, HOW TO MAXIMIZE PRIVATE SECTOR INVOLVEMENT WHILE ENSURING APPROPRIATE CHECKS AND BALANCES ON THE INTEGRITY OF THE SALES PROCESS, AND HOW TO APPROACH CONCERNS SUCH AS THE NEED FOR A MARKETING STRATEGY AND APPROPRIATE CONSULTATION WITH STATE AND LOCAL GOVERNMENTS. WE WANT TO IMPROVE AND STREAMLINE PAST PRACTICES WHERE POSSIBLE AND SEE POTENTIAL OPPORTUNITIES FOR THE INVOLVEMENT OF THE PRIVATE SECTOR IN SUCH ACTIVITIES AS SURVEYING, APPRAISING, AND MARKETING IN THE PUBLIC LAND SALES PROGRAM.

CAUTIONARY NOTE

LET ME SAY AGAIN THAT MANY OF THE ISSUES SURROUNDING THE SALE OF PUBLIC LANDS ARE COMPLEX, PERHAPS MORE SO THAN THEY MIGHT APPEAR. YOUR COMMITTEE, WITH ITS HISTORIC INVOLVEMENT IN THE MANAGEMENT OF THE PUBLIC LANDS, APPRECIATES THIS POINT BETTER THAN ANYONE. THE PROGRAM UNDER DEVELOPMENT INVOLVES A SUBSTANTIALLY LARGER SALE OF LAND FROM PUBLIC TO PRIVATE OWNERSHIP THAN HAS OCCURRED SINCE EARLY IN THIS CENTURY. IT MUST BE ACCOMPLISHED WITH SENSITIVITY: SENSITIVITY TO UNIQUE NATIONAL TREASURES, SENSITIVITY TO ENVIRONMENTAL AND CULTURAL VALUES SENSITIVITY TO THE MANY PRESENT USERS OF THE PUBLIC DOMAIN, SENSITIVITY TO LOCAL MARKET CONDITIONS AND MARKETABILITY OF PARTICULAR PARCELS, SENSITIVITY TO THE STATE AND LOCAL GOVERNMENTS WHO SHARE GEOGRAPHY AND JURISDICTION OVER THESE AREAS. IT IS FOR THIS REASON THAT WE ARE NOT RUSHING HEAD-LONG INTO THIS PROGRAM AND WHY WE FEEL IT IS NECESSARY TO PROCEED SURELY AND STEADILY, WITH THE ACTIVE AND ESSENTIAL PARTICIPATION OF KNOWLEDGEABLE COMMITTEES LIKE THIS ONE.

SUMMARY

MR. CHAIRMAN, LET ME BRIEFLY SUMMARIZE. THIS ADMINISTRATION IS COMMITTED TO IMPROVING THE MANAGEMENT OF ASSETS. WE WILL CONTINUE TO ENSURE PROTECTION OF THOSE LANDS THAT ARE HELD IN THE PUBLIC TRUST BY THE FEDERAL GOVERNMENT WHILE MEETING THE GOVERNMENT'S OBLIGATION TO CONTROL AND DISPOSE OF UNNEEDED PROPERTY ASSETS IN THE MOST BUSINESS-LIKE AND ECONOMICAL MANNER POSSIBLE.

IN ADDITION TO THE INCREASE IN SALES RECEIPTS, WHICH WILL REDUCE THE GOVERNMENT'S NEED TO BORROW, WE SEE ADDITIONAL BENEFITS RESULTING FROM THESE EFFORTS. THE SUPPLY OF PROPERTY AVAILABLE FOR DEVELOPMENT AND HOMESITES WILL INCREASE, AS WILL LOCAL TAX ROLLS. THE HIGHEST AND BEST USE OF PROPERTY HOLDINGS WILL BE PROMOTED, AND FEDERAL PROPERTY MANAGEMENT COSTS WILL BE REDUCED. A COMPREHENSIVE FEDERAL POLICY THAT ENCOMPASSES ALL PHASES OF MANAGEMENT FROM ACQUISITION TO DISPOSAL WILL BE DEVELOPED, AND GOVERNMENT-WIDE STANDARDS WILL BE INSTITUTED FOR THE FIRST TIME TO ENSURE IMPROVED MANAGEMENT IN THE FUTURE.

I AM LOOKING FORWARD TO WORKING CLOSELY WITH THE CONGRESS IN A JOINT EFFORT THROUGHOUT THIS PROCESS.

I WOULD BE PLEASED TO ANSWER ANY QUESTIONS YOU MAY HAVE.

Senator **Wallop**. Thank you. Senator Murkowski.

Senator **Murkowski**. Thank you, Senator. I want to commend the witness, Mr. Wright, for I think clarifying the role and the purpose of OMB in the disposal of public excess property and I think, again, as I repeated to Governor Herschler, that there has been a response from the public, I think motivated to some extent by the media, and perhaps rightly so, in questioning just what the extent of the Government is in this regard.

I think your testimony is offered with a degree of reassurance that the intent is not to dispose of public lands per se, but rather to classify those lands and understand just what they are going to be used for, but the real intent is to dispose of the excess, so-called improved Government property if it is surplus in an expeditious manner so it can become productive again and the Federal Government can get a return on that.

As noted in your figures of some 744 million acres, I would like to point out for the record that out of that 744 million acres, approximately 326 million or one-half of that is public land in the State of Alaska. Roughly 89 percent of the land mass of the 326 million acres is public land, and, of course, it is in the State of Alaska and that land for the most part is already designated as wilderness, wildlife, national parks, and for various restricted and prohibited uses.

So I want to clarify for the record, Mr. Chairman, that it is not my intent to stand by and see that land be put on the block. I would for the record like to know your procedure and if you have available for the record the specific classifications of this 744 million acres. I would like to suggest, if I may, Mr. Chairman, you start out with 744 million and say that is what the Government has and begin to submit the classifications; then how much of that 744 million acres is not classified as to any particular use, whether it be grazing land out West, forest lands, et cetera.

Do you know how much is not designated at all?

Mr. **Wright**. I don't right now, Senator, but I would be more than happy to submit that for the record.

[The information requested follows:]

The 744 million acres of Federal land holdings are distributed among the various Federal departments and agencies as shown on Attachment 1 (Federal Real Property Holdings in the United States). This data is compiled by the General Services Administration.

A more detailed breakdown of Interior and Agriculture Department holdings is provided in Attachment 2 (Federally Owned Land by Agency as of Fiscal Year 1979) compiled by the Department of Interior in Public Land Statistics.

As you can see, the total for the Department of Agriculture in Attachment 1 and 2 is the same. However, the total for the Department of Interior varies by approximately 6 million acres from Attachment 1 to 2.

This lack of accurate information on the Federal Government's property holdings is one of the reasons for the President's creation of a Property Review Board (PRB).

Attachment 1

Federal Real Property Holdings in the United States

Agency	No. of Installations	Land	Buildings		Acquisition Cost			
		Acres	No.	Floor Sq Area Ft.	Cost for Land	Cost for Buildings	Cost for Structures and Facilities	Total Cost
American Battle Monument Commission	3	--	--	--	--	--	2,731,000	2,731,000
CIA	2	283	7	76,915	111,000	4,505,000	25,000	4,641,000
Community Services Administration	5	3	6	59,363	83,000	430,000	--	513,000
Dept. of Commerce	270	55,971	966	6,361,627	12,228,000	160,512,000	50,964,000	223,704,000
Dept. of Energy	838	1,575,135	7,137	86,034,101	230,406,000	3,383,538,000	4,117,320,000	7,731,264,000
Dept. of Justice	340	30,015	1,879	16,777,902	13,422,000	274,493,000	48,069,000	335,984,000
Dept. of Labor	46	4,631	1,441	9,908,943	6,532,000	82,652,000	14,208,000	103,392,000
Dept. of State	18	120,483	115	193,047	43,259,000	1,953,000	135,513,000	180,725,000
Dept. of Agriculture	479	187,910,704	17,457	29,096,403	622,356,000	416,140,000	4,090,646,000	5,129,142,000
Dept. of Health Education & Welfare	339	4,314	2,499	30,311,958	20,259,000	770,592,000	38,536,000	829,387,000
Dept. of Housing and Urban Development	3	268	0	0	908,000	0	2,347,000	3,255,000
Dept. of Interior	2,148	522,739,553	32,344	62,459,297	2,080,855,000	809,215,000	7,995,178,000	10,885,248,000
Dept. of Transportation	9,614	188,781	12,200	34,625,074	83,705,000	929,675,000	920,768,000	1,934,148,000
Environmental Protection Agency	26	274	97	1,094,698	3,925,000	48,504,000	6,156,000	58,585,000
Federal Communications Commission	16	2,573	74	113,037	630,000	2,260,000	977,000	3,867,000
General Services Administration	1,024	16,548,000	2,759	203,086,790	383,882,000	3,111,185,000	84,947,000	3,580,014,000
Government Printing Office	1	6	4	1,432,000	0	9,085,000	0	9,085,000
International Communication Agency	6	8,702	33	223,809	1,654,000	10,907,000	34,233,000	46,794,000
National Science Foundation	10	3,574	175	821,415	1,200,000	5,566,300	42,170,000	99,033,000
NASA	35	133,892	2,285	32,187,315	115,189,000	1,603,514,000	1,154,982,000	2,873,685,000
Tennessee Valley Authority	207	988,872	483	3,569,145	394,334,000	59,225,000	4,670,175,000	5,123,734,000
Treasury Department	46	2,475	288	4,870,990	9,899,000	84,381,000	5,593,000	99,873,000
U.S. Postal Service	3,692	6,199	3,659	100,738,745	421,298,000	2,831,937,000	339,000	3,253,574,000
Veterans Administration	314	25,394	5,014	115,026,974	53,298,000	2,328,015,000	368,278,000	2,749,591,000
Total civilian agencies	19,482	713,818,651	90,868	739,069,748	4,499,433,000	16,978,381,000	23,784,155,000	45,261,969,000
Defense Agencies	5,038	30,327,218	314,279	1,914,067,353	5,181,035,000	26,020,624,000	28,463,103,000	59,664,761,000

Attachment 2

TABLE 9.—*Federally owned land, by agency as of fiscal year 1979*

Agency and State	Public domain	Acquired	Total
CIVIL AGENCIES			
Department of Agriculture			
Animal/Plant Health Inspection	*Acres*	*Acres*	*Acres*
Iowa		177.5	177.5
Mississippi		5.0	5.0
New Jersey		28.3	28.3
New York		3.2	3.2
North Carolina		7.2	7.2
Texas		947.6	947.6
Total Animal Plant Health Inspection		1.168.8	1.168.8
Forest Service			
Alabama	24.948.0	613.984.0	638.932.0
Alaska	20.400.302.4	318.4	20.400.620.8
Arizona	11.265.917.0	4.269.1	11,270.185.1
Arkansas	1.034.903.0	1.436.304.0	2.471.207.0
California	19.933.707.0	409.786.7	20.343.493.7
Colorado	13.759.943.0	655.246.0	14,415,189.0
Connecticut		10.0	10.0
Florida	162.199.0	931.357.0	1.093.556.0
Georgia		860.433.7	860.433.7
Idaho	19.979.093.0	443.997.0	20.423.090.0
Illinois	343.0	258.258.0	258.601.0
Indiana	432.0	183.449.0	183.881.0
Kansas	280.0	107.420.0	107.700.0
Kentucky		665.522.0	665.522.0
Louisiana	238.0	596.138.0	596.376.0
Maine		51.442.5	51.442.5
Michigan	280.405.0	2.435.551.0	2.715.956.0
Minnesota	1.110.168.0	1.524.817.0	2.794.985.0
Mississippi	1.740.0	1.138.370.9	1.140.110.9
Missouri	1.563.0	1.458.777.0	1.460.340.0
Montana	16.679.104.0	74.597.5	16,753,701.5
Nebraska	216.317.0	135.182.1	351.499.1
Nevada	5.072.936.0	70.955.0	5,143.891.0
New Hampshire		694.169.0	694.169.0
New Mexico	8.666.286.0	577.327.9	9.243.613.9
New York		13.232.0	13.232.0
North Carolina		1.158.935.9	1.158.935.9
North Dakota	106.575.0	999.010.0	1.105.585.0
Ohio		173.478.0	173.478.0
Oklahoma	623.0	292.220.0	292.843.0
Oregon	14.677.269.0	930.951.9	15.608.220.9
Pennsylvania		508.695.0	508.695.0
South Carolina		607.445.6	607.445.6
South Dakota	1,214,300.0	780.777.0	1.995.077.0
Tennessee		621.195.0	621.195.0
Texas		781.925.0	781.925.0
Utah	7,800.099.2	246.086.3	8.046.185.5
Vermont		271.464.0	271.464.0
Virginia		1.620.679.4	1.620.679.4
Washington	8.733.329.0	169.093.3	8.902.422.3
West Virginia		965.705.8	965.705.8
Wisconsin	8.234.0	1.495.282.0	1.503.516.0
Wyoming	8.870.886.0	382.198.6	9.253.084.6
Total Forest Service	160.002.139.6	27.506.087.6	187.508.227.2
Science/Education Administration			
Alabama		45.6	45.6
Arizona		17.9	17.9
California	9	351.8	352.7
Colorado		14.665.7	14.665.7
District of Columbia		444.9	444.9
Florida		4.049.5	4.049.5
Georgia		2.278.1	2.278.1
Idaho	28.363.0	4.099.8	32.462.8
Illinois		21.1	21.1
Iowa		363.5	363.5
Kansas		12.4	12.4

Note.—This table is repeated from the 1979 edition of *Public Land Statistics* and represents the most current data available from the General Services Administration.

TABLE 9 —*Federally owned land, by agency as of fiscal year 1979—continued*

Agency and State	Public domain	Acquired	Total
Science Education Administration (Continued)			
Louisiana	....	214 5	214 5
Maine	....	5 6	5 6
Maryland	....	9 825 1	9 825 1
Michigan	....	50 0	50 0
Minnesota	....	15 0	15 0
Mississippi	....	392 4	392 4
Missouri	....	10 1	10 1
Montana	71 690 3	10 0	71.700 3
Nebraska	....	34 355 2	34 355 2
New Mexico	189 940 0	37 0	189 977 0
New York	....	862 2	862 2
North Carolina	....	5 0	5 0
North Dakota	....	1 129 9	1 129 9
Ohio	....	631 7	631 7
Oklahoma	6 693 5	4 840 1	11.533 6
Oregon	14 593 8	14 0	14 607.8
Pennsylvania	....	25 3	25.3
South Carolina	....	468 0	468 0
South Dakota	....	10 0	10 0
Tennessee	....	464 0	464 0
Texas	....	8 057 8	8 057 8
Utah	....	1 2	1 2
Washington	160 0	13 0	173 0
West Virginia	....	542 7	542 7
Wisconsin	....	7	7
Total Science Education Administration	311 441 5	88 330 8	399 772 3
Soil Conservation Service			
Alaska	1 9	....	1 9
Arizona	....	45 9	45 9
California	....	107 1	107 1
Florida	....	182 0	182 0
Georgia	....	328 1	328 1
Iowa	....	8	8
Kansas	....	169 5	169 5
Kentucky	....	4 0	4 0
Missouri	....	262 8	262 8
Nevada	....	2	2
New Jersey	....	4 0	4 0
New York	....	203 2	203 2
Texas	....	2 1	2 1
Utah	....	2 7	2 7
Washington	....	221 4	221 4
Total Soil Conservation Service	1 9	1 533 8	1 535 7
Total Department of Agriculture	160 313 583 0	27 597 121 0	187 910 704 0
Department of Interior			
Fish and Wildlife Service			
Alabama	....	9,370 4	9,370 4
Alaska	33,749,064 1	.3	33,749,064 4
Arizona	1,537,199 7	1,582 0	1,538,781.7
Arkansas	8 881 6	123,381.0	132,262.6
California	2,239 7	82,718 4	84 958 1
Colorado	11,729 7	42,608.7	54,338 4
Connecticut	....	183 4	183 4
Delaware	....	23,952.6	23,952.6
Florida	4,467.1	157,628 5	162,095 6
Georgia	....	462,202 0	462,202 0
Hawaii	254,418 1	1,199 9	255,618 0
Idaho	26,587.4	17,630 9	44,218 3
Illinois	65.2	56,077.4	56,142 6
Indiana	....	7,763.0	7,763 0
Iowa	333 7	25,899 0	26,232.7
Kansas	....	21,820.1	21,820 1
Kentucky	....	2,153 8	2 153 8

Note.—This table is repeated from the 1979 edition of Public Land Statistics and represents the most current data available from the General Services Administration.

TABLE 9.—*Federally owned land, by agency as of fiscal year 1979—continued*

Agency and State	Public domain	Acquired	Total
Fish and Wildlife Service (Continued)	Acres	Acres	Acres
Louisiana	10,462.7	241,370.2	251,832.9
Maine		28,710.4	28,710.4
Maryland		25,571.0	25,571.0
Massachusetts		11,254.9	11,254.9
Michigan	3,075.3	102,141.2	105,216.5
Minnesota	288.2	388,272.7	388,560.9
Mississippi	40.1	102,830.5	102,870.6
Missouri		43,262.4	43,262.4
Montana	433,343.5	134,067.7	567,411.2
Nebraska	14,510.5	141,181.5	155,692.0
Nevada	2,141,611.5	60,684.9	2,202,296.4
New Hampshire		1,711.4	1,711.4
New Jersey		33,240.9	33,240.9
New Mexico	15,766.3	301,052.5	316,818.8
New York		22,490.0	22,490.0
North Carolina		124,930.8	124,930.8
North Dakota	12,675.8	420,373.0	433,048.8
Ohio	82.0	7,712.1	7,794.1
Oklahoma	77,806.0	1,874.9	79,680.9
Oregon	248,888.8	226,561.1	475,449.9
Pennsylvania		8,830.9	8,830.9
Rhode Island		649.2	649.2
South Carolina		149,648.9	149,646.9
South Dakota	1,869.9	124,951.5	126,821.4
Tennessee		20,876.6	20,876.6
Texas [1]		178,645.8	178,645.8
Utah	64,420.9	31,773.6	96,194.5
Vermont		5,739.5	5,739.5
Virginia		90,706.3	90,706.3
Washington	41,662.4	88,835.7	130,498.1
West Virginia		214.8	214.8
Wisconsin	754.1	178,418.1	179,172.2
Wyoming	20,925.5	29,663.5	50,589.0
Total Fish and Wildlife Service	38,686,169.8	4,364,419.9	43,050,589.7
Geological Survey			
Alaska	.5	927.4	927.9
Arizona		172.8	172.8
California		12.3	12.3
Minnesota		1.3	1.3
Montana		1.0	1.0
Nevada	69.8	1.0	70.8
South Dakota		318.7	318.7
Virginia		187.4	187.4
Washington		3.6	3.6
Total Geological Survey	70.3	1,625.5	1,695.8
Bureau of Indian Affairs			
Alaska	87,000.0	1.1	87,001.1
Arizona	89,375.0	1,051.3	90,426.3
California		260.4	260.4
Colorado	40.0	59.7	99.7
Idaho		32,816.5	32,816.5
Kansas		318.6	318.6
Michigan		4,016.5	4,016.5
Minnesota		28,697.9	28,697.9
Mississippi		187.1	187.1
Montana		124,456.1	124,456.1
Nebraska		169.7	169.7
Nevada	1,647.2	6,163.6	7,810.8
New Mexico	48,680.0	123,251.8	171,931.8
North Carolina		138.3	138.3
North Dakota		6,413.6	6,413.6
Oklahoma	540.0	26,612.1	27,152.1
Oregon		401.7	401.7
South Dakota		157,439.7	157,439.7
Utah		415.5	415.5
Washington		120.7	120.7
Wisconsin		39,416.7	39,416.7
Wyoming		1,296.2	1,296.2

Note.—This table is repeated from the 1979 edition of *Public Land Statistics* and represents the most current data available from the General Services Administration.

TABLE 9.—*Federally owned land, by agency as of fiscal year 1979—continued*

Agency and State	Public domain	Acquired	Total
Bureau of Indian Affairs (Continued)	Acres	Acres	Acres
Total Bureau of Indian Affairs	227.282 2	553.704 8	780 987 0
Bureau of Land Management			
Alabama	3.257 0		3 257 0
Alaska	222.234.476 0	659 2	222 235 135 2
Arizona	12.551.829 0	37 087 0	12 588 916 0
Arkansas	1 589 0		1 589 0
California	16 599.795 0	9.580 1	16 609 375 1
Colorado	7.957 351 0	36 586 9	7 993 937 9
Florida	1.189 0		1 189 0
Idaho	11.873.614 5	72 325 2	11 945 939 7
Illinois	29 0		29 0
Kansas	728 0		728 0
Louisiana	7.206 0		7 206 0
Michigan	936 0		936 0
Minnesota	43.556 0		43 556 0
Mississippi	639 0		639 0
Missouri	200 0		200 0
Montana	6.272.909 0	1 868.742 6	8 141 651 6
Nebraska	9.432 0		9 432 0
Nevada	48.841.518 0	3.290 3	48 844 808 3
New Mexico	12.612.775 0	227.680 6	12 840 455 6
North Dakota	68 142 0		68 142 0
Ohio	120 0		120 0
Oklahoma	6.988 0		6 988 0
Oregon	15 650.842 0	94 222 4	15 745 064 4
South Dakota	276 388 0		276 388 0
Utah	22.035 954 0	16 673 6	22 052 627 6
Washington	311.157 0		311 157 0
Wisconsin	262 0		262 0
Wyoming	17.782.664 0	10 441 2	17 793 105 2
Total Bureau of Land Management	395 155.545 5	2.367.290 0	397 522 835 5
Bureau of Mines			
Alabama		2 6	2 6
Alaska	2 3		2 3
Kansas		12 2	12 2
Maryland		17 8	17 8
Minnesota		81 5	81 5
Missouri		3 0	3 0
Nevada	18 1	4 5	22 6
Oklahoma		191 1	191 1
Oregon		43 8	43 8
Pennsylvania		204 6	204 6
Texas		12.408 5	12.408 5
Utah	34 3	12 4	46 7
Washington		21 0	21 0
Total Bureau of Mines	54 7	13 003 0	13 057 7
Water and Power Resources Service			
Arizona	920 547 1	85 318 3	1 005 865 4
California	848 916 4	217 468 8	1 066 385 2
Colorado	166 778 7	74 438 4	241 217 1
Idaho	304 340 4	141 914 2	446 254 6
Kansas		93 580 9	93 580 9
Montana	176 966 5	111 493 1	288 459 6
Nebraska	7.110 7	66 011 7	73 122 4
Nevada	843 948 6	71 324 6	915 273 2
New Mexico	80.550 0	118 514 2	199 064 2
North Dakota	906 7	127 061 0	127 967 7
Oklahoma	508 5	69 982 5	70 491 0
Oregon	126 672 2	38 387 5	165 059 7
South Dakota	19 177 8	45 276 8	64 454 6
Texas		110 217 2	110 217 2
Utah	436 033 6	114 882 9	550 916 5
Washington	104 918 3	295 975 4	400 893 7
Wyoming	547 613 1	146 978 5	694 591 6
Total Water and Power Resources Service	4 684 991 6	1 930 826 0	6 615 817 6

Note.—This table is repeated from the 1979 edition of *Public Land Statistics* and represents the most current data available from the General Services Administration.

TABLE 9.—*Federally owned land, by agency as of fiscal year 1979—continued*

Agency and State	Public domain	Acquired	Total
National Park Service	*Acres*	*Acres*	*Acres*
Alabama		6.344.9	6.344.9
Alaska	48.312.666.0	890.9	48.313.556.9
Arizona	1.679.125.3	222.051.8	1.901.177.1
Arkansas	891.9	82.517.6	83.409.5
California	4.120.613.5	444.351.9	4.564.965.4
Colorado	505.373.3	34.831.0	540.204.3
District of Columbia		9.216.9	9.216.9
Florida	47.214.4	1.919.269.3	1.966.483.7
Georgia		32.597.8	32.597.8
Hawaii	46.2	228.741.2	228.787.4
Idaho	83.740.0	2.718.6	86.458.6
Illinois		11.7	11.7
Indiana		7.643.4	7.643.4
Iowa		1.647.9	1.647.9
Kansas		403.2	403.2
Kentucky		62.159.3	62.159.3
Louisiana		100.9	100.9
Maine		34.400.3	34.400.3
Maryland		33.847.3	33.847.3
Massachusetts		26.327.0	26.327.0
Michigan	11.167.9	605.366.8	616.534.7
Minnesota		125.359.8	125.359.8
Mississippi		101.257.8	101.257.8
Missouri		81.631.8	81.631.8
Montana	1.155.909.0	29.869.6	1.185.778.6
Nebraska	1.901.0	3.317.5	5.218.5
Nevada	254.073.0	10.064.9	264.137.9
New Hampshire		86.0	86.0
New Jersey		31.466.0	31.466.0
New Mexico	216.950.3	27.143.0	244.093.3
New York		22.516.3	22.516.3
North Carolina		357.866.8	357.866.8
North Dakota	10.454.5	60.755.7	71.210.2
Ohio	15.0	8.030.6	8.045.6
Oklahoma		2.119.8	2.119.8
Oregon	158.303.3	10.041.5	168.344.8
Pennsylvania		26.697.8	26.697.8
Rhode Island		4.6	4.6
South Carolina		6.112.1	6.112.1
South Dakota	74.608.0	267.273.8	341.881.8
Tennessee		257.694.0	257.694.0
Texas		999.938.9	999.938.9
Utah	819.148.1	87.738.8	906.886.9
Virginia		280.662.3	280.662.3
Washington	1.751.238.0	61.825.3	1.813.063.3
West Virginia		768.4	768.4
Wisconsin		36.104.6	36.104.6
Wyoming	2.343.783.9	64.876.1	2.408.660.0
Total National Park Service	61.547.222.6	6.716.663.5	68.263.886.1
Office of Water Research and Technology			
New Mexico		12.1	12.1
North Carolina		16.3	16.3
Total Office of Water Research and Technology		28.4	28.4
Total Department of Interior	500.301.336.7	15.947.561.1	516.248.897.8

Senator **Murkowski**. I think, Mr. Chairman, it would be appropriate to have that breakdown as to how much of the 744 million acres is already classified so the committee knows what it is talking about when we reflect on the testimony of the witnesses.

Senator **Wallop**. I think we would like to know as well if that 780 million figure has any relevance too, because if there are upward of 30 to 60 million acres that we did not know about, it would be interesting as well.

Senator **Murkowski**. I would like also with your permission, Mr. Chairman, I would like to have for the record how much of this 744 or 780 or whatever we have, hopefully we will know that, how much of that is improved land that the Government has done something with. Is it old unused military bases or is it port facilities or old shipyards or what have you, that the Government has? How much of that is readily marketable as opposed to any consideration of disposal of public interest lands per se?

Mr. **Wright**. Senator, this is one of the processes we are going through at the present time in order to get an accurate inventory and as you know information has not exactly been bursting forth at the seams as to just what the inventory is. But we will get you the best information we have.

Senator **Murkowski**. When do you anticipate having this inventory done?

Mr. **Wright**. We have the first listing of the inventory at the present time and my guess is we will probably be coming up with a pretty good rough cut by about mid-June.

Senator **Murkowski**. Does this first inventory separate public interest lands from—I think the chairman of the committee encouraged the sale of improved lands that have had some productivity and are no longer productive in any manner.

Mr. **Wright**. Yes, sir.

Senator **Murkowski**. Do you have that separated?

Mr. **Wright**. Yes, sir, we will.

Senator **Murkowski**. Do you have any idea of the value costwise?

Mr. **Wright**. We don't yet. That is one of the numbers we are still trying to get a handle on.

Senator **Murkowski**. So you will submit for the record then, when your analysis is done, the evaluation of land that has been developed that is considered excess but is not public interest land and you will have a valuation set on that. Will that be a cost valuation or will that be a market valuation?

Mr. **Wright**. It will be an estimated market valuation. Senator, you have to understand that this has not gone through a strict appraisal process across the board and I want you take it in that light that there will be inaccuracies, which is one of the reasons why we are going through this exercise.

Senator **Murkowski**. Do you have any timeframe on when you think that OMB will be prepared to at least feel confident in their figures so they will be able to recommend a schedule of sales? Can you give us a timeframe on when you expect to see a return to the Federal Treasury from the sale of some of this?

Mr. **Wright**. Yes, sir. We would like to begin the sales at the start of the fiscal year.

Senator **Murkowski**. The start of this fiscal year, the new fiscal year?

Mr. **Wright**. Yes, sir.

Senator **Murkowski**. Thank you.

Senator **Wallop**. Thank you, Senator. Mr. Wright, in your testimony you state that the administration plans to proceed in a deliberate fashion to implement a portion of this initiative for public lands. What sort of timeframe can we expect the legislative package to implement any initiatives?

Mr. **Wright**. Pardon me, Mr. Chairman, for the legislation to come up?

Senator **Wallop**. Yes.

Mr. **Wright**. Probably in June, the latter part of June or the first part of July.

Senator **Wallop**. Does the administration plan to consult with the Congress, including this committee, prior to submitting the legislative plan?

Mr. **Wright**. Every step of the way, sir.

Senator **Wallop**. Will it be, as far as you know, a formal request to the committee or a formal request to the Congress as to this legislative package?

Mr. **Wright**. Yes, sir.

Senator **Wallop**. One other area—and I have some questions I will submit for the record in the interest of the length of the witness list—but on page 13 of your testimony you indicate that exchanges could undercut a major goal of the program. Is there currently a moratorium either formally or informally on the exchanges by the Federal Government for its agencies with non-Federal agencies?

Mr. **Wright**. No. There is not a moratorium per se, Mr. Chairman. What there is is within Secretary Watt's good neighbor policy program the 900,000 acres that have submitted proposals right now are being reviewed by the Property Review Board and within that program itself, the recommendations will be coming out within the very near future. There is not a strict moratorium on exchanges, right.

Senator **Wallop**. Then as we get on with this exchange or other kinds of means of disposal, to what extent will the public participation, either formal or informal, take place with ranchers, farmers, States, environmentalists? Are they contemplating involving them with these?

Mr. **Wright**. They have been involved, Mr. Chairman, all along. We have received quite a few comments already from the public. There have been groups that have been coming in, meeting with the Property Review Board in terms of getting their advice.

For the most part, we don't have a formal process to get together with the interested groups with the Property Review Board right now, simply because we are having oversight hearings, at which we felt everybody would have a very good chance to express their opinions and before any property is disposed of, there is a period of time in which they have a chance to go ahead and review that proposal within the State and then also I believe going to bid on the negotiated bid. Is that right, Bruce?

Mr. **Selfon**. At this point, Mr. Chairman, we are continuing to rely on the individual agencies' public participation policies which are in place, because as all of the witnesses have been indicating, we are relying in the first instance on the expertise and knowledge of other agencies, particularly with respect to the public lands and the advice they are just now beginning to give the Property Review Board.

Senator **Wallop**. We will have some further questions, if we may, to submit to you so we can have responses for the record. Thank you very much.

Mr. **Wright**. Thank you very much, Mr. Chairman. I appreciate both you and the good Senator clarifying the position for us. You are absolutely correct.

Senator **Wallop**. Thank you very much. I appreciate that.

Next is the Honorable Richard Lyng, Deputy Secretary of Agriculture, accompanied by R. Max Peterson, Chief, National Forest Service. In fact, why don't we get the other members of the group, Garrey Carruthers, Assistant Secretary of Interior for Land and Water Resources; Roy Markon, Commissioner, Federal Property Resources Service, General Services Administration; James Juliana, Principal Deputy Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics.

Why don't you just proceed and then we will ask questions.

STATEMENT OF HON. RICHARD E. LYNG, DEPUTY SECRETARY OF AGRICULTURE, ACCOMPANIED BY R. MAX PETERSON, CHIEF, NATIONAL FOREST SERVICE

Mr. **Lyng**. Mr. Chairman, thank you. Speaking on behalf of Max Peterson and myself, we appreciate the opportunity to appear here today and join our colleagues from other departments to discuss the President's Federal property review program.

This is a significant undertaking by the Federal Government and one which will provide positive and beneficial results. The Department of Agriculture is fully supportive of the program and is closely involved in the efforts of the Property Review Board and the Office of Management and Budget.

The real property holdings under control of the Department of Agriculture are managed by five landholding agencies, the Agricultural Research Service, the Animal and Plant Health Inspection Service, the Federal Grain Inspection Service, the Forest Service, and the Soil Conservation Service.

The majority of these lands, some 190 million acres, are national forest system lands under the administration of the Forest Service. The holdings of the other four agencies total approximately 400,000 acres, most of which are devoted to agricultural research.

Under Governmentwide and Department regulations, these agencies are encouraged to continuously review their real property holdings and to retain only those lands needed for program activities. Any excess real property, except national forest system lands, is disposed of through the General Services Administration.

In early March, the Department initiated a specific and accelerated review and inventory of its real property holdings in accordance with Executive Order 12348 and a subsequent request from the Office of Management and Budget. This review consisted of two parts:

One, national forest system lands; and, two, all other lands, such as research and administrative sites, which can be disposed of under authority of the Federal Property and Administrative Services Act of 1949. Some withdrawn lands are included in the latter category.

The Forest Service, at the field level, identified lands that could be readily identified as potentially available for disposal. This includes lands which are very costly to administer such as mineral patent fragments and other very small isolated properties. It includes lands which are likely to be more valuable in other uses such as community development.

The Department report also identified several categories of land which should be retained. This includes such lands as designated wilderness, wild and scenic river corridors, national recreation areas, and a number of other special classifications and areas of critical environmental concern. This was an initial review and the review is still continuing. We will concentrate on the more difficult questions such as:

What reasonable candidates for sale can be identified from the bulk of the 190-million-acre national forest system which cannot be easily assigned clearly to retention or disposal?

What procedures should be employed in identifying and preparing properties for sale?

How should the private sector be involved in marketing properties?

What statutory authorities are needed to implement the program?

When these reviews are completed, the results and our recommendations will be transmitted to the Congress.

The beginning year, fiscal year 1984, target for sales of public lands is $2 billion. Both the Departments of Agriculture and the Interior have been asked to develop alternative programs which would yield up to $2 billion annually if each Department was individually responsible for the entire $2 billion. This information will permit examination of the implications associated with various potential sales levels and will facilitate the formulation of a specific program. A program that reduces Government costs and that permits land to be utilized for its best use is the desired goal.

The other four agencies, Agricultural Research Service, Animal and Plant Health Inspection Service, Federal Grain Inspection Service, and the Soil Conservation Service, made their initial review using the established Federal property management regulations definitions for real property that may be unutilized, underutilized, or not being put to optimum use to identify lands and improvements for immediate disposal.

These facilities were reported to the Property Review Board on May 12, together with some 43 Forest Service administrative sites which are subject to disposal under the Federal Property and Administrative Services Act. The report identified about 54 locations comprising approximately 42,730 acres of land and improvements. The Agricultural Research Service reported the majority of the land, some 41,789 acres of which 41,193 acres are withdrawn lands comprising a portion of the Jornada Experimental Range in New Mexico. Forest Service reported 833 acres and Soil Conservation Service reported 108 acres.

Our submissions to the Property Review Board and OMB are being reviewed. We expect a continuing dialog with them as the President's land disposal program progresses and the data is analyzed and refined.

The methodology and criteria for disposal are being developed by the agencies. The ultimate program will be coordinated with the Property Review Board. The question of the disposition of moneys from property sales which now goes into the Land and Water Conservation Fund is one of the questions under review.

With regard to statutory constraints on disposal of Federal lands, we believe that sufficient authority is available to General Services Administration to sell surplus property. However, the existing authority to sell national forest system lands is very limited.

The Townsite Act, an act of July 31, 1958, which applies only to the 11 Western States and Alaska, is the primary authority to sell system lands. Sales can only be made to established communities and are limited to 640 acres. The 1872 mining law also allows certain system lands to be patented into private ownership. The point here is that there are several specific authorities to dispose of national forest system lands but no general land sale authority. Any change that will be proposed will be presented to the Congress. We expect to work closely with you and the committee as our policies are being developed.

In conclusion, after the Board has had the opportunity to establish program guidelines and policies, the Department will analyze the effects of the plan on other policy objectives. We believe that it is clearly evident that administrative costs associated with the management of lands and facilities will be reduced as the inventory of Federal real property is reduced and that properties will be used for more productive uses.

For our part, we intend to be prudent and deliberate in making recommendations for the disposal of Federal lands.

We will make sure that long-range programs important to the Nation and the world, such as agricultural research, are fully considered. We will identify opportunities to make management of the national forest system more efficient.

While no substantial disposal is contemplated, it may be possible to adjust boundaries of individual national forests resulting in some reductions in acreage which do not impact on critical public purposes and which at the same time produce a more cohesive, more manageable national forest.

This program may serve as another vehicle along with the land exchange program to permit a tightening of national forest boundaries.

That concludes my statement, Mr. Chairman, and I will be happy to try to answer any questions.

Senator **Wallop**. Thank you, Mr. Lyng.

Mr. Carruthers.

STATEMENT OF HON. GARREY E. CARRUTHERS, ASSISTANT SECRETARY FOR LAND AND WATER RESOURCES, DEPARTMENT OF THE INTERIOR

Mr. CARRUTHERS. Thank you, Mr. Chairman. It is a pleasure to visit with the committee again. I would like to submit my testimony for the record and summarize it briefly.

The Department of the Interior is an enthusiastic participant in the President's asset management program. Now that the smoke is cleared from the original announcement, and setting rhetoric aside, it just makes good sense to get into this program.

Our objective is that we want to look more businesslike in our management of the public lands and other properties under our responsibility. The testimony that we provided for you today really responds to three questions. Why sell? Joe Wright spelled that out in the administration's posture and we agree with that. It is just more productive to sell some land. The cost of managing some land just exceeds the benefits. There is pressure for expansion in some areas, particularly in the West, and we need to pay the debt.

The second question that my testimony addresses is, Do you offer everything for sale? The answer is simply "no." The National Park Service, the National Wildlife Refuge System, Indian trust lands, and a host of other lands will not be for sale under this program.

The third question is, How are you proceeding with Department of the Interior responsibilities? We have undertaken the first phase of the inventory, updating some of our statistics. That was an ongoing process. We are developing disposal criteria. We ultimately must identify lands that meet these disposal criteria and we must resolve problems of disposal. And in the Department of the Interior there are a host of them.

The good neighbor policy articulated by the Secretary questions the split of States, exchange, why and how, should we continue with exchanges, prior rights and so on. Because it will impact a number of bureaus in the Department of the Interior, the Secretary has asked me to chair an Assistant Secretary's group to monitor the asset management program of the Department of the Interior.

We have divided the program into two parts. The first part dealing with acquired and improved lands and the other part dealing with the public lands and we coordinated both of them through the Assistant Secretary's group.

Since February, the Department has moved aggressively to respond to the White House and the Property Review Board. We are still considering some issues. We are awaiting our first policy guidance from the Property Review Board on those issues at this time.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Carruthers follows:]

MAY 1 8 1982

STATEMENT OF GARREY E. CARRUTHERS, ASSISTANT SECRETARY, LAND AND WATER RESOURCES, DEPARTMENT OF THE INTERIOR, BEFORE THE ENERGY AND NATURAL RESOURCES COMMITTEE, UNITED STATES SENATE, ON THE ADMINISTRATION'S PLANS FOR THE INVENTORY, MANAGEMENT AND SALE OF FEDERAL REAL PROPERTY.

I appreciate the opportunity to appear here today to discuss the Administration's plans for the inventory, management and sale of Federal real property. I know the primary purpose of this Committee encompasses what are known as public lands and therefore, I will focus my remarks on that aspect of the Administration's program.

President Reagan's Executive Order 12348 places primary emphasis on the disposal of improved real property rather than on the disposal of public lands. Specifically, the initial review is based on properties subject to the Federal Property and Administrative Services Act. Although direct application of the GSA aspect of the Executive Order is probably not an appropriate guide in evaluating public lands, these concepts embodied in the Executive Order serve well to further develop the public land program:

- Some Federal property...both real property and unimproved public land...can become more productive in private use than in public use.
- The cost of maintaining public lands that are small, isolated or otherwise difficult to manage is often excessive.
- There are many parcels of public land in or near communities, largely in the West, that can be used for community expansion and development.
- Some lands devoted to water projects may not be needed for the daily operation of those facilities, and could be sold.

In this context, the Department of the Interior is developing a program to implement the President's initiative to sell unneeded Federal property. To accomplish this we are working closely with the Property Review Board.

We in Interior are very enthusiastic about the program. We believe it reflects a proper approach to land management and the handling of our resources. We think it can produce some fine results for the public and our economy. But it will also require public understanding and cooperation. The Bureau of Land Management has established procedures for public participation and we intend to use them and to listen to the public.

First and foremost, the Department of the Interior program, which we call the Asset Management Program, is just that. It is a program that requires us to look at the lands we manage to determine how they can best be managed for the maximum public good. Sound management includes disposal of unneeded property. But the goals of the Asset Management Program are more than selling land or real property. It is a review of our land management practices to determine whether Federal lands are being used to the best advantage, and if not, to correct that. It is also a program that will dispose of lands that can be better used in the private sector, applying the proceeds of the sale to help retire the national debt.

One of the first determinations that was made in the development of the assets management program and implementation of E.O. 12348 was that certain categories of land would not be sold. These are lands within the National Park System, National Wildlife Refuge System, Indian Trust Lands, and other lands with unique characteristics and national values such as wilderness areas, designated wild and scenic rivers, national or historic trails, national conservation areas, national or research natural areas, areas designated for cultural or natural history, areas of critical environmental concern, wild horse management areas, and any areas having a Congressional designation.

In fulfilling the President's directive, the Department of the Interior is undertaking a comprehensive inventory of all its land holdings. In this way we will get a true picture of all the lands we administer and how they are being utilized. As I said earlier, it is not contemplated that all of these lands will be offered for sale. But it is important that we know what we have.

At the request of the Property Review Board the Department is also developing recommendations for criteria that could be used to identify tracts of land suitable for disposal. These will be reviewed by the Board which will then adopt those criteria that are to be used by the Federal Government in implementing this program.

A significant portion of the lands that may be available for disposal are public lands administered by the Bureau of Land Management. That agency is developing a series of option papers addressed to various aspects of identification of lands for disposal and the issues and problems associated with land disposals.

The Federal Land Policy and Management Act provides a variety of land disposal authorities and sets some broad and some more specific guidelines. These are being reviewed again carefully. We may find that they provide sufficient and appropriate guidelines for a program that will meet the President's goals on issuing Executive Order 12348. If they do not, we will seek appropriate changes in the law. Regulations implementing that Act are also being reviewed to assure that the disposal process is as streamlined as possible within the provisions of the law.

The Department is examining in depth and will make recommendations to the Board on:

- coordination of the Good Neighbor policy;
- disposals at less than fair market value;
- handling of negotiations for sales;
- the extent to which exchanges should be used, either to dispose of property or to acquire property for a Federal program;
- the impact of the use of exchanges on the overall goal of reducing the Federal deficit;
- the availability of adequate survey capability to handle a large disposal program;
- the handling of land appraisals;
- the use of contract services and the private sector in land transactions;
- the impact of land disposals on the economy or on real estate values in an area;
- alternative mechanisms for financing purchases of Federal lands;
- the matter of Congressional oversight;
- the necessity for review of legislation concerning disposal of public lands;
- the handling of mining claims located on lands proposed for disposal.

All of these issues are complex. Many may have a significant impact on the economy and the quality of life. We do not yet know the outcome of the studies and evaluations, or what recommendations may be made. However, we would expect that categories of land that may be available for sale will include:

—Land that cannot be efficiently managed due to the small size or location of the parcels.

—Parcels proximate to urban or suburban areas that would contribute to local economic development.

—Properties that may have potential for more beneficial use in private ownership.

To sum it up, we believe this is a program whose time is long past due. It will apply sound business principles to the management by the Federal Government of its vast and varied real property holdings. It has positive social and economic implications for the Federal Government, for State and local governments and for the general public. And we in the Department of the Interior are giving it our very best efforts.

Senator **Wallop**. Thank you, Mr. Carruthers. Mr. Markon.

STATEMENT OF HON. ROY MARKON, COMMISSIONER, FEDERAL PROPERTY RESOURCES SERVICE, GENERAL SERVICES ADMINISTRATION

Mr. **Markon**. Thank you, Mr. Chairman. I am Roy Markon, Federal Property Resources Service, General Services Administration. I have a prepared statement and with your permission, I will submit it for the record.

Senator **Wallop**. By all means.

Mr. **Markon**. Much of the material in my statement has already been covered by prior witnesses, particularly Mr. Wright from the Office of Management and Budget.

I would like to go specifically over the items that you have requested comment upon, first the status of this particular program.

I think Mr. Wright covered that. We are in the process, together with the Real Property Review Board, in reviewing the submissions by the various agencies to determine just exactly the size of the inventory we will get out of this initial start in the program.

The procedures we are using will not be much different than the procedures we would use to dispose of any other Federal property. First, we will determine whether there is a Federal use in any Federal department. It would be foolish to dispose of land when there is continuing Federal use.

Once it is determined to be surplus we will accelerate the sale. I think in this area it is more a question of policy than it is of legislative constraint, which is one of the other items that you wished comment upon. We do not feel that there are that many statutory constraints. We have submitted two pieces of legislation, in addition to legislation to require the money to be deposited for the payment of the debt in lieu of the land and water conservation fund.

I think the Property Act wisely provided a lot of discretion. Because each piece of property is unique, whoever manages the land program for whatever purposes must have latitude and discretion.

The exceptions for public discount conveyances will be entirely upon merit. Here I think it will be a matter of consistent policies rather than a formula. As to the effect of this program on other policies, I think all policies must be measured or read in context with other policies of the Federal Government. This policy will not initiate or cancel out other policies.

To the extent possible, we in the General Services Administration are carrying out a Presidential initiative. We will incorporate all of the President's policies. I think it gets down to one word, Mr. Chairman, we have heard it over and over again. It is called management.

With improved management, we hope to achieve these goals. Thank you, Mr. Chairman.

[The prepared statement of Mr. Markon follows:]

STATEMENT
OF
ROY MARKON

Mr. Chairman and Members of the Committee:

I am Roy Markon, Commissioner, Federal Property Resources Service, General Services Administration (GSA). On behalf of the Administrator of General Services, Gerald P. Carmen, I wish to thank you for the opportunity to express the views of GSA on the Administration's plans for the inventory, management and sale of Federal real property.

The objective of the Administration's initiative regarding Federal real property disposal is to accelerate the release of unneeded property and to increase the monetary return to the Federal Government from its sale; thereby assisting in a reduction of the national debt. The initial step in implementing this program occurred on February 25 of this year when President Reagan issued Executive Order 12348 which facilitates the surplus sales objectives.

Four specific management actions are to be taken to accomplish the mandate of the Executive Order:

1. Emphasize a national initiative to require Federal executive agencies to promptly identify and report unneeded real property to GSA for disposal.

2. Accelerate the disposal of surplus Federal real property in GSA's inventory on the basis of highest and best use.

3. Limit discount or "free" conveyances of Federal real property for local public use and emphasize a national initiative to require full compliance with terms and conditions of prior discount conveyances providing for public use of such properties or revestment of title to the Federal Government.

4. Comprehensively review existing GSA sales procedures and administrative policies.

Since GSA is responsible for the further utilization or disposal of property reported excess to the needs of Federal agencies; we are working closely with Presidential and congressional staffs in considering modifications in the law, regulations and policy to implement the Executive order and promote increased disposals by sale.

In support of the Administration's initiative, we have taken, or are now in the process of completing, the following actions to implement the program.

1. Federal agencies will generally be required to make reimbursement of 100 percent of the fair market value of excess property acquired from another Federal agency by transfer through GSA. This will improve property management by requiring full accountability within the budget and appropriations process for agency use of real property.

2. Programs for the disposal of surplus real property for public benefit purposes at a discount from fair market value will be limited and made by GSA on a highly selective basis only after referral to the Property Review Board for review and comment.

3. All Federal agencies will be required to make a concerted effort to identify unneeded real property and release it for sale by GSA.

4. An expanded and concerted sales program is being developed to expeditiously sell surplus Federal real property under all appropriate methods available. Guidance is now being furnished to the GSA Regional Offices to accelerate sales and to make disposal decisions based on highest and best use. This initiative should increase properties available for sale.

5. A program to increase participation by the private sector will be developed.

6. The GSA appraisal contracting process will be streamlined.

7. The GSA real property utilization survey process will be made more effective so that only high value properties with excess potential will be surveyed by GSA. This will make the best possible use of existing resources and significantly supplement the identification of excess property to be undertaken by the holding agencies themselves.

8. As directed by the Property Review Board, we may resume a compliance inspection program of prior public benefit conveyances.

I would now like to respond to the request contained in your letter of May 6 requesting our testimony at this hearing.

(1) The current status of the Administration's review of Federal property -

Pursuant to E.O. 12348, the head of each Executive agency is reporting to GSA and the Property Review Board the agency's real property holdings which in his judgement, are not utilized, are underutilized, or are not being put to optimum use. Since we have not received all of the agency reports, we do not have any tabulations. We are currently reviewing and following-up on these reports to make sure they are fully completed and submitted as soon as possible.

(2) The methodology by which Federal land conveyances will be reviewed in the future -

Consistent with guidance from the President's Property Review Board, GSA will not assign or convey surplus Federal real property for public benefit discount disposal (that is, for donation for State or local public use) unless the application for the discount conveyance has exceptional merit and the proposed use of the property represents its highest and best use. Otherwise, surplus properties will be sold on the basis of the properties' fair market value. A limited exception for property to be used as correctional facilities is proposed.

(3) The effect of the plan on the disposition of monies from the Land and Water and Water Conservation Fund -

This plan will have no effect on the disposition of monies without a change in the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460ℓ -5(a)). A change in legislation which would provide for proceeds received from surplus real property sales to be deposited in the Treasury to be applied against the national debt is undergoing final Administration review.

(4) Statutory constraints to surplus sale -

GSA currently has two legislative proposals to amend the Federal Property Act being considered by Congress. Adoption of these proposals would facilitate the efficient disposal of surplus property by removing outdated statutory requirements and eliminating unnecessary delays and administrative costs.

a. Section 203(e)(6) of the Property Act now provides that an explanatory statement of the circumstances of each disposal by negotiation of any real or related personal property having a fair market value (FMV) in excess of $1,000 shall be prepared and transmitted to the appropriate committees of Congress in advance of such disposal.

Our proposal would raise the threshold of Congressional Committee review from $1,000 FMV to $500,000 FMV for negotiated sales.

b. Section 207 of the Property Act provides that no executive agency shall dispose of any surplus real property to any private interest until such agency has received the advice of the Attorney General on the question of whether such disposal would tend to create or maintain a situation inconsistent with the antitrust laws. This applies to the disposal of real property if the aggregate amount of the original acquisition cost of such real property to the Government and all capital expenditures made by the Government with respect thereto is $1,000,000 or more.

Our proposal will change the basis for the requirement to seek antitrust clearance from the Attorney General from $1,000,000 acquisition cost to $1,000,000 estimated fair market value.

(5) The nature of lands which should be excluded from surplus sale consideration -

It is the intent of the Federal Property Act that the Administrator exercise discretion in selecting the method of disposal based on highest and best use. We believe surplus property should be excluded from sale when the highest and best use would be represented by appropriate public benefit use and an acceptable application for the property involved is received. There are no plans to dispose of any properties that might fall into the category of "National Treasures."

(6) The effect of the plan on other policy objectives -

The Administration's initiative recognized the critical need to improve Federal real property and asset management. Executive agencies are being required to relinquish property no longer needed. In doing so, there should be no significant adverse impact on other policy objectives.

Mr. Chairman, this concludes my statement. I will be pleased to respond to any questions you or the other members of the committee may wish to ask.

Senator **WALLOP**. Thank you, Mr. Markon.

Mr. Juliana.

STATEMENT OF HON. JAMES N. JULIANA, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER, RESERVE AFFAIRS AND LOGISTICS, DEPARTMENT OF DEFENSE

Mr. **JULIANA**. Thank you, Mr. Chairman. The Department of Defense ranks third, behind Interior and Agriculture, in total real estate holdings. Our holdings total about 24.5 million acres, comprising almost 4,000 installations in the United States and its territories and possessions.

We wholeheartedly support the administration's initiative embodied in the Executive order signed by the President on February 25. We have completed an initial review of our properties and are continuing aggressively to identify real estate that has commercial value and that we could give up without hampering defense capabilities.

In that initial review, Mr. Chairman, we have identified 122 properties, some 11,500 acres with a current value of approximately $727 million. Now, in addition to those properties, we have already, in the past, submitted to GSA 138 other properties for sale or disposal.

Secretary Weinberger has made clear his support of this effort. He has stated the Department's willingness to make available for sale even some properties that we are currently using, provided that the necessary legislation is passed that will allow these properties to be sold and the proceeds used to reduce the taxpayers' burden.

DOD is also helping the Federal Property Review Board identify the current legal impediments. Once the Board has developed the necessary legislative revisions, the Department urges the Congress to take quick and favorable action.

The Department of Defense can and will make a significant contribution to this important effort to ease the taxpayers' burden without compromising national defense capabilities.

I have rambled through my prepared statement and so I wish the full text would be incorporated into the record.

[The prepared statement of Mr. Juliana follows:]

Statement of

James N. Juliana

Principal Deputy Assistant Secretary of Defense

(Manpower, Reserve Affairs, and Logistics)

Before The

Senate Committee on Energy and Natural Resources

Mr. Chairman and Members of the Committee:

I am pleased to appear before your Committee to discuss the Department of Defense's participation in the Administration's program to reduce the national debt through sale of Federal real estate.

The Defense Department ranks third (behind Interior and Agriculture) in total real estate holdings. Our holdings total about 24.5 million acres, comprising almost 4,000 installations in the fifty states and U.S. territories and possessions. Some of the installations are very small -- a few acres with buildings and equipment shops to house National Guard units. Some are extremely large -- test ranges and training sites for large unit maneuvers and battle simulations. Some installations are located inside major urban areas; others are isolated and remote.

The Department of Defense wholeheartedly supports the Administration initiative embodied in the Executive Order signed by the President on February 25. We have completed an initial review of our properties and are continuing aggressively to identify real estate that has commercial value and that we could give up without hampering defense capabilities.

Secretary Weinberger has made clear his support of this effort. He has stated the Department's willingness to make available for sale even some properties that we are currently using, provided that the necessary legislation is passed that will allow these properties to be sold and the proceeds used to reduce the taxpayers' burden.

The Department is helping the new Federal Property Review Board identify the current legal impediments. Once the Board has developed the necessary legislative revisions, I urge the Congress to take quick and favorable action.

The Defense Department can and will make a significant contribution to this important effort to ease the taxpayers' burden without compromising national defense capabilities.

Senator WALLOP. Thank you.

Let me ask the same question of both Mr. Lyng and Mr. Carruthers, when this is all said and done and all of the recommendations have been made, do you expect the national forest to exist?

Mr. LYNG. Yes. I think the vast majority of the national forest lands will clearly not be eligible to be put up for sale.

Senator WALLOP. You are not anticipating a wholesale disposal as some witnesses have indicated?

Mr. LYNG. Absolutely not. There is absolutely no chance of that, Mr. Chairman.

Mr. CARRUTHERS. I agree with Mr. Lyng, the Forest Service will exist, yes, sir. I recommend it highly.

Senator WALLOP. Will there be any BLM lands in the public domain?

Mr. CARRUTHERS. Yes, sir, obviously there will be.

Senator WALLOP. I think it is an important matter to have frankly and obviously on the record, because a lot of political rhetoric and emotions will be attached to ideas which the public has no means of making any determination about.

They hear somebody say in public session that there are not going to be any public lands, or that public domain or national heritage lands will be squandered overnight and a short course in budget reductions and I don't think that is the purpose behind all of this.

Mr. LYNG. That is absolutely true, Mr. Chairman. There is not even a whisper of that. We will be very cautious. The percentage that would ever be put up for sale would be very, very small, but when you consider 190 million acres throughout the entire Nation and suggest that none of it should be considered for disposal would be equally wrong. It will be sensible, cautious and done in the public interest.

Mr. CARRUTHERS. Mr. Chairman, I would just add if properly structured, we could actually build a better estate than we have now in the asset management program. And I think I draw to Dick in his comments that this could actually lead to improvements.

Senator WALLOP. The initial review said some $7 million. That is a long way toward the initial goal right there. Again, as for both the Forest Service and the BLM, to what extent will revenues or potential revenues be considered in the policy formulation regarding the sale of public lands and will the other intangible benefits such as returning revenues to the Government or recreation or management capabilities be considered in those policies?

Mr. LYNG. They will be fully considered. All of the potential benefits, not only dollar and cents benefits, but total benefits will be weighed as carefully as possible and no property will be offered for sale if there is not a clear public benefit achieved by that action.

Senator WALLOP. Mr. Carruthers, is it your testimony and that of Mr. Wright, both of them singled out properties around Federal water. Would you explain what is unique about those properties that highlight your attention?

Mr. CARRUTHERS. Mr. Chairman, in the past those have typically not been sold. We are identifying that in the Bureau of Reclamation program. In particular there are some properties that are not necessary for project purposes that might be desirable on the private market.

Senator WALLOP. Again, those would serve to maintain the other less tangible public benefits, access recreation and whatnot in determining those?

Mr. CARRUTHERS. There would have to be some rather serious stipulations with regard to sale of any properties around a reservoir. The environmental protection must be a high priority item. Continued access of the public to the reservoir must be a high priority item. So we would not be talking about selling the entire area around the reservoir, but certain properties might be available under certain conditions.

Senator WALLOP. Senator Bumpers, do you have any questions of these witnesses?

Senator BUMPERS. I just got here. Do you have any questions, gentlemen? First I would like to have my opening statement inserted into the record.

Senator WALLOP. By all means.

[The prepared statement of Senator Bumpers follows:]

STATEMENT OF HON. DALE BUMPERS, A U.S. SENATOR FROM THE STATE OF ARKANSAS

Mr. Chairman, I appreciate your scheduling these hearings today on this important issue. The disposal of our nation's public land resources for a short-term monetary gain is something that concerns me a great deal.

The laws governing our public lands and forests are based on the premise that these lands should be retained in federal ownership and managed for multiple-use and sustained yield. These are important concepts that were developed not in 18 months of one Administration but through years of intensive debate and soul-searching on the part of many Administrations, Congresses, and the public.

The idea that these lands should be retained was not based on some notion that there was nothing else to do with them but because we recognized that the public lands managed by BLM and the Forest Service are an extraordinarily valuable national heritage. They contain vast stores of fossil fuels and hard rock minerals. They provide forage and timber in vast quantities. They support abundant herds of wildlife and productive fisheries. The public lands provide extensive recreation opportunities and wilderness values. They are rich in cultural and scientific resources. They are not wastelands; they are not excess; they are not somehow surplus to our nation's needs. And yet, if one listens to the rhetoric of those in the Administration and elsewhere who support the "privatization" of these lands, that is actually how they characterize them.

Certainly, there are instances where the disposal of federal land makes sense. The Forest Service and the Bureau of Land Management have ample sale authority under existing law to meet these circumstances. This sale authority is based on a land management planning process involving public imput and the consideration of all competing values. That, in my view, is the context in which the sale of our nation's public lands should be considered.

Mr. Chairman, I fear that this plan to reduce the federal deficit through the expedited sale of our public lands is short-sighted, ill-conceived, and based on a series of untenable and unsupportable assumptions about the evils of federal land management and the virtues of private exploitation and development of our nation's public land heritage.

Senator BUMPERS. Mr. Chairman, as I understand it, there are several categories of public lands that are top priority for disposal under this program. The concepts of "small and isolated tracts" and "lands near town sites and communities" are fairly clear to me. But I don't understand what constitutes a tract of Federal land which can "become more productive in private use than in public use."

How do you define that?

Mr. **Lyng**. I think maybe I would like to let the Chief of the Forest Service, who has had a good deal more experience than I, do that. I think I could do it, Senator, but I think he can do it with more precision.

Mr. **Peterson**. I think we know of tracts, for example, that used to be administrative sites now with improved access systems and communications, we may no longer need that site. It might make a very good site for some private use. It might be developed into either a commercial facility or a residential facility, depending on where it is.

Senator **Bumpers**. How many such tracts as that would you say there are?

Mr. **Peterson**. We have identified between 40 and 50 that we are not using. They have been reported to General Services Administration.

Senator **Bumpers**. How many acres?

Mr. **Peterson**. A few hundred acres in that particular category. Those are an examples of a type of a situation where it might make better sense to put the lands in private ownership.

Senator **Bumpers**. In a March 18 memo from Assistant Secretary Arnett to the Director of the National Parks Service and the Fish and Wildlife Service, here is what the Assistant Secretary said,

> As our testimony and budget fact sheets have emphasized this program is to be focused primarily on BLM and the Forest Service lands.
>
> However, for analytical purposes we would expect a review of the existing national forest system, national park system, wildlife refuge system, wild and scenic rivers, wilderness areas, Bureau of Reclamation and BLM lands to determine if all elements of the system should be treated similarly and if different systems should have different criteria for a proposal.

Now, on page 2 of Mr. Carruthers' statement, he says that land within the national park system, refuge system, et cetera, will not be sold. Now, Mr. Carruthers, how do you square that with the memo from Assistant Secretary Arnett?

Mr. **Carruthers**. Well, first, we will not sell the national parks of the national refuges. Second, we don't always communicate as well as we would like to think we do in the Department of the Interior. Mr. Arnett now understands that we will not do that.

However, the National Park Service and the Bureau of Indian Affairs and others do hold an occasional building here and there that could be disposed of under acquired and improved property, but the lands themselves are not available for sale, Mr. Chairman.

Senator **Bumpers**. Are you saying then that you agree more with Mr. Arnett's memo, which says the progarm focuses on BLM and Forest Service lands?

Mr. **Carruthers**. I agree that the public lands that should be offered for sale for the most part will come from the public domain agencies, the U.S. Forest Service and the Bureau of Land Management.

Senator **Bumpers**. Mr. Carruthers, if you were just given a blank check right now from Congress to do whatever you want with all of those lands, what would you do? How much of the BLM land do you think we ought to sell off? Do you have any idea?

Mr. **Carruthers**. I don't have a preconceived idea of how many acres that would be, Senator. I have no idea.

Senator **Bumpers**. Do you agree with the whole thrust of this that we ought to sell this land off to help balance the budget?

Mr. **Carruthers**. Yes, sir. I agree with the program in totality.

Senator **Bumpers**. What do you do for an encore when future Congresses continue to run a deficit? The land is already sold.

Mr. **Carruthers**. Personally?

Senator **Bumpers**. Yes.

Mr. **Carruthers**. There is very little I can do, sir.

Senator **Bumpers**. Do you have any reason to believe that future Congresses will be much more responsible when we sell off this land?

Mr. **Carruthers**. All Congresses are responsible, Senator. It is just that we have now realized, since the national debt has become such a burden, that we need to make some kind of move in paying off that national debt. This is a first step. I don't think that anyone would argue that this program and this program alone will pay off the national debt, but it is a step in the right direction.

And I think the Congress agrees that we need to work on that. That is my impression of the Congress. And we are beginning here, but there will be other steps that must be taken and I am optimistic that the Congress will join us in that thrust.

Senator **Bumpers**. Mr. Carruthers, have you seen the Department of Agriculture's new study called the Decertification of America?

Mr. **Carruthers**. No, I have not.

Senator **Bumpers**. Well, I would recommend it for your bedtime reading. It makes you wonder how well my children and yet unborn grandchildren are going to fare. But I will not belabor that.

In your statement you talk at length about the virtues of the asset management program. As I understand it this program involves, one, the examination of the lands you manage to determine how they can best be managed for the maximum public good; two, disposal of properties found to be in excess to the needs of the land managing agency; and, three, an ongoing review of the land management practices.

Now, how does this new asset management program differ, if it does, from the statutory authority direction that you have under the Federal Land Policy and Management Act?

Mr. **Carruthers**. Not much at all. Central to the asset management program and the Bureau of Land Management is FLPMA and the rules and regulations established under FLPMA for the disposal of land. Central also is the planning process designed under FLPMA and in the planning process, we must have the public participation that is necessary for this program and it will occur.

In the Bureau of Reclamation lands, those are either withdrawn public lands that if, in fact, are deemed good for disposal, those would go back to BLM and go through that planning process under FLPMA. If they were acquired by the Bureau of Reclamation, they will go through the procedures of the GSA, which also allows the public to participate.

So we are not changing a lot from what we are doing now, other than the emphasis that we believe we can build a better system if we carefully manage these assets. I believe that exchanges are going to be necessary in the process so that we can block up lands, one, for sale and also to make more meaningful management units for both the Forest Service and the Bureau of Land Management. There are tremendous advantages in this program for both the Forest Service and BLM.

Senator **BUMPERS**. Does the Percy bill give the public the right to participate in hearings on any proposed sales?

Mr. **CARRUTHERS**. The resolution, as I understand it, does not direct that but I cannot speak to it.

Senator **WALLOP**. I might say there is no Percy bill. There is a Percy resolution. And it is not the issue here today.

Senator **BUMPERS**. Whatever, it is all offensive to me.

Senator **WALLOP**. It is not an issue here today.

Senator **BUMPERS**. Let me ask you this? What is the administration's estimate of the amount of money that would be raised through public land sales in 1983, 1984, and 1985.

Mr. **CARRUTHERS**. The target, as I understand it, Senator is $1 billion in 1983 and $2 billion in the out years. That is from the public land agencies, the U.S. Forest Service and the Department of the Interior. Is that correct? I am sorry. We better furnish those numbers for the record.

Let me just add though, that the initial sales of public property will be in acquired and approved properties for the most part. It will not involve the public lands, as I understand the program.

Senator **BUMPERS**. When you furnish the figures for the record, would you also please send a copy to my office, supporting data on how you arrived at the figures?

Mr. **CARRUTHERS**. At the target?

Senator **BUMPERS**. Yes.

Mr. **CARRUTHERS**. I will make that request to the Property Review Board who established that. That was not established by either of the Departments.

Senator **BUMPERS**. How will the proposed land sales affect Secretary Watt's good neighbor policy?

Mr. **CARRUTHERS**. We are working right now on a proposal to interface with the Secretary's good neighbor policy with the asset management program. We are optimistic that that can be done.

Senator **BUMPERS**. Have you gotten any reaction from the State and local governments about this?

Mr. **CARRUTHERS**. Yes. Only this morning Governor Herschel indicated that we should continue the good neighbor policy. We have heard from a few people who believe that is an essential part of the public lands program and I would anticipate that we would continue to do some of that.

The President in his Executive order also indicated that for correctional purposes it would be necessary to transfer less than fair market value of some public properties to State and local governments.

Senator **BUMPERS**. What does the Department of the Interior think about Dr. Hankies' proposal to give ranchers and miners the right of first refusal on any proposed land sales?

Mr. **CARRUTHERS**. We have considered that as one of the number of options in the disposal of grazing lands. We have not taken a position on that specific recommendation.

Senator **Bumpers**. It was said the other day in regard to grazing land that this idea could result in payments to the Treasury up to $20 an acre. Does that sound reasonable to you?

Mr. **Carruthers**. I would not want to reflect on the reasonableness. The grazing lands vary in value considerably throughout. Perhaps that is an accurate number for Nevada, but there are places in New Mexico and Colorado where that would seem low to me.

Senator **Bumpers**. Was he talking, as far as you know, about sale of this land for $20 an acre?

Mr. **Carruthers**. I don't know the answer to that, Senator. Just a moment, excuse. The Hankie proposal that you referred to, I have not been apprised of. I have not conversed on that yet.

Senator **Bumpers**. Let me ask just one final question. I guess maybe it should be directed to you, Mr. Carruthers. Are you on top of this Powder River Basin coal lease that took place a couple of weeks ago?

Mr. **Carruthers**. I am familiar with the Powder River coal sale, yes, sir. It happens that the Bureau of Land Management does the leasing of coal on public lands.

Senator **Bumpers**. I think those leases are highly questionable. That is another subject. But I am just curious as to why we are leasing 1.6 billion tons of coal there. We are proposing to lease more until we reach a total of almost 6 billion additional tons of coal. There are 16 billion tons of Federal coal under lease right now, and last year there were 69 million tons of Federal coal mined.

Are you familiar with all of these figures I have just mentioned?

Mr. **Carruthers**. I have probably heard of all of those statistics.

Senator **Wallop**. Mr. Carruthers, if you can answer this, but it is not the proper subject of this hearing.

Senator **Bumpers**. I just wanted to get a shot here, because I don't know when I am going to get another chance.

Mr. **Carruthers**. I will answer the question. I am not sure I can answer in statistical terms. If you seek the level of detail, Senator, that your question implies, I may have to answer for the record. If it is a philosophical question or one of principle, I would be pleased to try.

Senator **Bumpers**. I am just curious if you know why, considering the fact that 16 billion tons of Federal coal are under lease right now——

Senator **Wallop**. Senator, in all fairness nobody came prepared to answer these questions. It is not the topic of this hearing. If you wish to address, request of Mr. Carruthers in which he can respond, but there are other people, there are eight or nine other people yet to testify this morning and I would prefer to keep the topic of the hearing, the oversight hearing on the agreed upon issues.

Senator **Bumpers**. Mr. Chairman, do you object to his answering if he has not answered?

Senator **Wallop**. No, but I would like to get on with the purpose of this hearing, which is why we are here. There are other witnesses who have come a long way who may not be given a fair hearing, if we get off on a lot of other topics.

Senator **Bumpers**. I have got a whole series of questions. If you will just answer that one, I will forgo the rest of the questions

Mr. **Carruthers**. It is the philosophy of this administration to offer those energy opportunities from the public lands in a planned, scheduled way. That sale in Powder River gave us the highest per acre value ever offered on public lands on coal.

We require fair market value. We will offer those opportunities as long as we can get fair market value and as long as it is in our schedule process to assure that we are doing it in an appropriate fashion for the long-term benefit of America.

Senator **Bumpers**. I will not get into that.

Mr. **Carruthers**. I would be pleased, Senator, to discuss it with you privately sometime if you would like.

Senator **Wallop**. I would point out in response to one of the earlier questions.

Senator **Bumpers**. You are not going to get into it now, are you?

Senator **Wallop**. No. I am talking about your concerns with the National Park Service and the initial review which identified some 30,000 acres to be in excess of National Park Service needs and they are basically isolated tracts or tracts which were acquired in trade which are not part of the national park system, that kind of thing, which is the purpose of all of this review and inventory that is taking place.

The next scheduled witness is Mr. Huey Johnson from the State of California and I understand he is not here. We have a panel which consists of Jack Carlson, executive vice president and chief economist, National Association of Realtors; John Horsley, chairman, Board of Commissioners, Kitsap County, Wash., on behalf of the National Association of Counties; Tye S. Moore, president, Public Lands Council and National Cattlemen's Association from Casper, my friend and neighbor.

I have got to go to another meeting, but I would hope that the others might indulge you to go further.

STATEMENT OF TYE S. MOORE, PRESIDENT, PUBLIC LANDS COUNCIL, ON BEHALF OF THE NATIONAL CATTLEMEN'S ASSOCIATION

Mr. **Moore**. Thank you, Senator, I am happy to be here. Mr. Chairman and members of the committee, I am Tye Moore, president of the Public Lands Council, a private organization representing cattle and sheep growers who hold Federal permits and leases to graze our livestock on Federal lands.

I am making this statement in behalf of the Public Lands Council and the National Cattlemen's Association, which represents cattle producers and feeders across the Nation.

We believe that the Federal Government owns or controls more lands and properties than is necessary or desirable, and perhaps than is constitutional.

While there are several laws on the books which authorize the Federal Government to dispose of lands and properties for various purposes, in recent years relatively little property has exchanged hands.

Indeed, the Federal Government has appeared more interested in acquiring property than in disposing of it. As you well know, the Federal Government now controls about one-third of the land area of the 50 States, over 90 percent of the Federal land is west of the Rockies. The Federal Government, on the average, controls about 50 percent of 12 of the Western States including Alaska.

We support the concept that the Federal Government should divest itself of unnecessary and unneeded Federal lands and other real properties. We welcome the attention and study being given this issue by the present administration. We believe that all land and real property in Federal ownership should be inventoried and studied as to which properties should be disposed of through various means.

We understand that the land management agencies have been requested by the administration to develop criteria for identifying Federal lands that should be sold. We believe that the development of such criteria is a good idea since existing legal language on lands that should be disposed of is rather vague and, as I stated previously, has not resulted in much land being transferred out of Federal ownership.

The first priority for divestiture should be, as the President has proposed, that land and other real properties which are surplus or excess to a Federal agency's needs. We recognize that there is a need to more precisely define what "surplus" and "excess" mean.

The second category of land disposals should be that needed for expansion of communities. With the Federal Government controlling so much of the land of the West, communities are often hemmed in by Federal lands. While Secretary of the Interior Watt initiated a program to redress some of the past difficulties that communities have had, we urge this committee to look closely at the present situation.

The third category of land that should receive priority for disposal is those tracts of isolated and intermingled lands that cannot be efficiently managed by the agencies.

There is another category of federally controlled land that would arouse more controversy and questions if such lands were proposed for divestiture. The public domain lands and perhaps some of the other Federal lands which some people have suggested could be more efficiently managed in private ownership. This could involve divestiture of massive amounts of lands, particularly, of course, in the West.

We do not think this latter possibility should be dismissed out-of-hand, but we do think that it requires considerable study and public debate before any such program is formulated.

We have an obvious self-interest. Much of this land is presently being grazed by our members. For much of this land, grazing is the only economic activity on it, bringing economic benefits to the local areas and economic returns to the Federal Government.

The history of the present situation and the nature of the grazing rights must be understood. The reason these grazing lands did not pass into private ownership had to do with the unsuitability of the homestead laws to the arid lands of the West.

Federal grazing tracts in the West make up, with a commensurate private tract, an economic unit. Each takes value from the other. The private tracts, for example, generally are the most productive and have the water resources.

Therefore, if there is any consideration given to disposal of large amounts of lands, there are many economic, social, and equity questions that have to be addressed. Careful study and public debate are needed to understand the consequences of any such transfers and to determine and develop transfer procedures that are sound and equitable.

For example, what would be the economic impact of transferring billions of dollars of Federal debt to the private sectors of the West and what would be the impacts of various divestiture methods on present users, private land values, and local communities?

We urge this committee to continue monitoring the land disposal policies of this administration. We would also recommend to this administration that it establish a national advisory group on land transfers to include present users, local elected officials, economists, and other experts.

Thank you.

Senator WALLOP. Thank you. I am sorry, I have to run. I appreciate your being here. Let me just ask you one question out of your experience. There are certainly some commingled lands either isolated or interspersed with Federal tracts which clearly would be in the interest of everybody to straighten out.

Mr. MOORE. Senator, this is correct, particularly in Wyoming, I think probably more so than in any other State. In the eastern section of the State, there are many tracts of Federal land as small as 20 or 30 or 40 acres intermingled and completely surrounded by private land.

They are expensive and very difficult for the BLM to manage and they have a great deal of cost for their management by the absorbing agency. There used to be a policy of transferring these isolated tracts to the private owners under a free bidding system, back some years ago, I think even prior to FLPMA. This was canceled out and pretty well eliminated, but these tracts should be transferred to private ownership.

Senator WALLOP. I know from my own experience of ranches of some 10,000 acres and surrounded by other ranches that might have totaled maybe 60,000 or 70,000 acres and in that whole area there was one 40-acre grazing tract, which I had and you can imagine what that 40 acres looked like, which nobody over the course of time had sought to acquire. It had rocks on it and not much else.

I got into the idea of trying to acquire that after that policy came by where there were no further transfers available and it was just ridiculous, because I would have about five levels of correspondence a year regarding that 40 acres. It was too small to put a fee on it, so there was an automatic blanket of $50 that was there and I had the letter about fishing and hunting. I had the letter about how to properly maintain fences and I had letters about all kinds of things that were absurd to do.

And surely if I had one of those there are a number of ranchers with tracts of that size that are as isolated as that, which I think everybody would agree would be in the national interest to put in private.

Mr. **Moore**. The whole eastern part of Wyoming is dotted with these kinds of instances and certainly other States have a number of them too. It really is a very difficult problem. Quickly one thing that came up in writing some of the EIS's and grazing plans we have talked about, in some of those areas where some ranchers had as little as 1 or 2 or 3 percent of the Federal land they were talking about writing a BLM grazing plan on the private lands where the BLM had only 1 or 2 or 3 percent of it.

Senator **Wallop**. I would ask you as the representative of the National Cattlemen's Association the question which will be clearly one of very specific interest to our State and that is the transfer of these lands, if it takes place, what might soon be the transfer, as well of the Federal reserved water rights if any exists that might go with them.

I think perhaps it would be implicit if any such transfer could be accompanied by the transfer of water rights especially on isolated tracts.

Mr. **Moore**. We think there are a tremendous number of questions to be answered before any other plan can be considered.

Senator **Wallop**. Thank you very much. I will turn the hearing over to Senator Warner at this time. I have to go talk about social security.

Senator **Warner** [presiding]. Thank you very much.

STATEMENT OF JACK CARLSON, EXECUTIVE VICE PRESIDENT AND CHIEF ECONOMIST, NATIONAL ASSOCIATION OF REALTORS

Mr. **Carlson**. The National Association of Realtors are pleased to appear before this important committee to talk about whether and how the Federal Government will allow the best use of the Nation's real property, which because of the accidents of history and changing needs are in part owned but not always wisely used by the Federal Government in many places throughout the United States.

The usefulness of land structures and other improvements change because of changes in technology, demographics, preferences, and discovery of resources. Real property in the private sector automatically is drawn to its best use by the continuous valuation of property by the public.

The Government does not have such an automatic system of adjustment but tends to hold real property often to the detriment of the people supposedly represented by Government. Consequently Americans suffer when Government does not allow land to become available for housing and homeownership which itself improves democracy by dispersing decisionmaking in our society.

Communities suffer from Federal land limitations for the orderly expansion of cities and the increase in their tax base to provide adequate schools, health and safety. Americans suffer from deserted or underutilized Government facilities which are kept away from people's use in central cities, suburbs, and small communities and rural areas.

Since practical withdrawal of the Homestead Act and management of Federal real property has proved to be encumbered with elaborate veto processes and bureaucratic disincentives which allow as little change, as possible, the Government has responded badly to the Nation's need for freeing some Federal properties.

Consequently all Americans should welcome this hearing and the initiative taken by the administration in establishing a Property Review Board. We would hope that this would be a bipartisan objective. We understand the Property Review Board has asked members of the bureaucracy to identify surplus properties from those they control.

What is most needed is expression of need and intense need from potential users of Federal property. Also the Federal Government must improve its own decisionmaking processes from one that creates an incentive to do nothing and creates veto techniques which insure that the best use is not achieved, to one that creates an incentive to move property to its best use and allows a consensus process to determine disposal.

We offer our help in both areas. We are surveying the people who regularly assess the need and value of real property to identify Federal properties that are most needed by people and communities. We have asked people who regularly measure demand and supply of real property in every community in the United States to identify Federal properties that would be more useful for communities and people within these communities.

Specifically, we have asked residential, commercial, industrial, and agricultural realtors and appraisers and property managers and investment counselors to identify those properties most in need. We have also asked them to describe environmental and other limitations that we have no desire to nominate any lands in park areas or wilderness areas.

We plan to share the results of our efforts with the Property Review Board and other appropriate Federal offices so that better judgments can be made as to which properties should be identified for disposal. This process will be selective and should not be a substitute for broader based efforts being carried out elsewhere.

Also, we would be pleased to identify ways to improve the decisionmaking process and criteria for use by the Government, by the Federal Government.

I would too, Mr. Chairman, ask that the longer statement could be put in the record. It does have a copy of the memorandum which we sent to each community.

[The prepared statement of Mr. Carlson follows:]

STATEMENT
on behalf of the
NATIONAL ASSOCIATION OF REALTORS®
regarding the
INVENTORY, MANAGEMENT AND SALE
OF FEDERAL REAL PROPERTY
to the
SENATE ENERGY AND NATURAL RESOURCES COMMITTEE
by
JACK CARLSON
May 18, 1982

I. Introduction

I am Jack Carlson, Executive Vice President and Chief Economist of the NATIONAL ASSOCIATION OF REALTORS®.

On behalf of over 640,000 members of the National Association, we greatly appreciate the opportunity to present our views and activities in enhancing the federal real property disposal process. We are pleased to see this and other committees review the current disposal process and consider means of instituting a more enterprising and responsible policy for managing federal real property assets.

II. Reasons for REALTOR® Support of Federal Property Disposal

Our Association supports the Administration's program to identify and sell excess and surplus real property to private citizens. This issue is of prime interest to our membership and we support an enhanced program for the following reasons:

(1) The highest and best use of property will be realized in conveyance of unused and underutilized federal property to private ownership. The federal government has allowed many of its real property assets to lie idle. A private party could not afford to conduct business in the manner. Conveying property to the private sector will ensure the highest and best use of the property where economic survival demands highest and best use of every asset.

(2) Selling federal land in some areas will allow townsite expansion where federal lands encroach on town limits. Last year when the Department of the Interior requested suggestions of public tracts of land which should be conveyed to local governments, 400 communities responded citing over one million acres of public land which are prohibiting growth. The federal property disposal program should identify areas experiencing this expansion problem and encourage land sales to remedy it.

(3) Local tax bases will be increased as excess federal property is conveyed to private ownership. As state and local governments are asked to assume more responsibility under the "New Federalism," they can better fund their activities with the increased tax base which the sale of federal property will provide. Once this property is conveyed to private ownership, we estimate that the property tax base could be increased by over $300 million for the first year and total nearly $2 billion over five years. However, this is a conservative estimate based only on the sale of GSA real property.

(4) The federal property disposal program will increase private property ownership opportunities. The NATIONAL ASSOCIATION OF REALTORS® feels property ownership is an essential element in maintaining the stability of our democracy. As President Reagan recently stated, "Our founding fathers clearly understood that freedom is indivisible and that the right to private property is essential to the establishment and maintenance of all our other precious liberties."

(5) An aggressive federal property disposal program will help reduce the federal debt. Since 1974 the debt has doubled from $500 billion to more than $1 trillion last year. This excessive debt has forced the federal government into the financial markets where federal credit demands have helped drive interest rates to unprecedented levels. These interest rates are closing small businesses, causing unemployment, stifling investment, and depressing entire industries -- including the real estate industry. The federal government must further reduce outlays and generate revenue to reduce the deficit. One of the most responsible means of generating revenue is through the sale of excess and surplus federal real property.

III. Administration Efforts to Resolve Problems With Past Disposal Efforts.

Current federal efforts to dispose of unneeded real property are woefully inadequate. Even though the federal government owns over 760 million acres of land constituting one third of the nation's land area, (See Attachment 1), 24,520 installations, and 405,147 buildings, only $82.8 million of property was sold in fiscal year 1980. Based on our research and a study done by the Government Accounting Office, the reasons for these difficulties include:

(1) Lack of timely administrative processing due to lengthy agency or state studies, errors in reporting excess property, and disagreement between possible users as to what constitutes the best use of a property;

(2) Legal delays;

(3) Congressional interest involved when a member of Congress intercedes in the disposal process on behalf of constituents; and

(4) Sales terms which impede private accessibility and investment.

We believe the following new Administration initiatives will address many of the problems by:

(1) Drastically limiting discount and no-cost conveyances and exchanges to federal agencies as well as to state and local governments;

(2) Establishing the Federal Property Review Board to formulate policy, mediate intergovernmental disputes, and identify candidates for the disposal program; and

(3) Authorizing the sale of public domain lands that are scattered small parcels and/or needed for community expansion.

Additional administrative and legislative steps may be necessary to further the enhanced disposal program and should include the following points:

(1) Proceeds from federal property sales must be directed to reducing the debt rather than solely dedicated to the Land and Water Conservation Fund.

(2) All property transactions must be made at fair market value.

(3) All excess and surplus real property which is not essential to our natural or cultural heritage should be subject to inventory and eventual sale.

V. Release of Excessive and Essential Property for Use by People (REEP)

Our Association stands ready to assist Congress and the Administration in this effort, and we are now implementing our two stage REEP program as follows:

- We have distributed over 5,000 federal property nomination forms to our 50 state associations, 1800 local boards, and our affiliated professional societies, institutes, and councils. (See Attachment 2.) REALTORS® nationwide will use these forms to identify unused and underutilized federal properties which are in private demand.

- We have established a REALTORS® Advisory Committee to review these federal property nominations and study federal policy for property disposal. This Advisory Committee will recommend policy and procedural changes to the Administration and Congress.

VI. Recommendations

As we continue with our efforts in this regard, we believe the following points must be addressed to ensure an effective federal property sales program:

(1) Utilize free market mechanisms and methods to maximize sales proceeds and minimize the opportunity for unethical transactions.

(2) Sales must be conducted in an orderly manner to ensure the viability of local real estate markets and protect both government and private interests.

(3) Encourage private investment in surplus property by reducing Administrative processing time and providing more realistic financing terms to allow purchasing opportunities for the greatest number of potential buyers.

(4) An enhanced federal sales program should take legitimate environmental concerns into account to ensure the protection of our natural heritage.

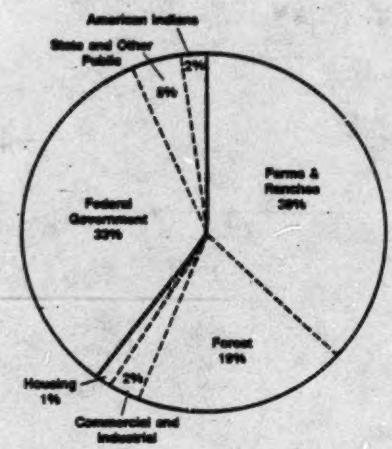
In conclusion, Mr. Chairman, I would like to emphasize that an enhanced federal property disposal program is an innovative, feasible, and responsible government program. Federal agencies have the capability to engage in a more enterprising disposal program and a large-scale program necessitates only the coordination of existing resources and a real commitment.

Thank you for the opportunity to testify today. I will be happy to answer any questions.

ATTACHMENT #1

UNITED STATES LANDOWNERSHIP & MAJOR USES

(Percentage Distribution)



Source: NATIONAL ASSOCIATION OF REALTORS®

ATTACHMENT #2

REALTOR®

NATIONAL ASSOCIATION OF REALTORS

Julio S. Laguarta, President
Harley W. Snyder, President-elect
Donald H. Treadwell, First Vice President

Jack Carlson, Executive Vice President

777 14th Street, N.W., Washington, D.C. 20005
Telephone 202 383 1000

TO: State Association Presidents and Executive Officers, Local Board Presidents and Executive Officers, and Presidents & Executive Officers of Societies, Institutes, and Councils

FROM: Julio S. Laguarta, President; Harley W. Snyder, President-elect; Donald H. Treadwell, First Vice President; Jack Carlson, Executive Vice President

SUBJECT: REALTOR® Program to Encourage Release of Excess Federal Property for Essential Private Property Use (REEP)

DATE: May 5, 1982

President Reagan has committed to selling nonessential federal real property into needed private ownership and use, and using the proceeds to reduce the Federal debt. This Federal effort is unprecedented in scope and can only be successful if we and other parts of the private sector help.

The NATIONAL ASSOCIATION OF REALTORS® has launched the Release of Essential and Excessive Property (REEP) program to provide that help. Each Local Board and State Association, with the help of REALTOR® skills — residential, commerical, industrial and agricultural brokerage and sales, and appraisal and management — are asked to identify specific federal properties - (buildings, lots, and other land) - which are most needed in the private sector and appear excessive to government needs. Later, help will be needed to support legislation to ease the process of selling properties in general, including obtaining authority to list specific property for sale. We ask that no nominations be submitted for properties that are in National Parks, Monuments, Wildlife Refuges or Wilderness areas, or located with obvious or significant environmental limitation.

Specifically we are asking you to take the following actions:

1. Help inform members of this opportunity and share copies of the nomination form.

2. Designate an Advisory Committee at the local board and at the state levels to generate member action, participation, and to help review REEP property nominations. The advisory committee should include a cross-section of REALTORS® skills which will be helpful in identifying and valuating properties.

3. By July 1, 1982, send at least one (preferably a few) of the best property nominations to the NATIONAL ASSOCIATION OF REALTORS®, Washington Office (ATTN: REEP, 777 14th Street, N.W., Washington, D.C. 20005).

4. Following your July 1, 1982 submission, we request that you and your members submit additional property nominations as they are identified during the remainder of 1982.

Questions may be directed to our staff expert, Tom Franks at (202) 383-1087.

cc: REALTORS® Executive Committee

REALTOR® is a registered collective membership mark which may be used only by real estate professionals who are members of the NATIONAL ASSOCIATION OF REALTORS® and subscribe to its strict Code of Ethics.

Send Completed Form to: NATIONAL ASSOCIATION OF REALTORS®
Attn: REEP Program
777 14th Street, N.W.
Washington, D.C. 20005

NATIONAL ASSOCIATION OF REALTORS®
RELEASE OF ESSENTIAL AND EXCESSIVE PROPERTY (REEP) NOMINATION FORM

1. Name of Federal Property or Facility: ______________________________

2. Federal Agency Owning Property: ______________________________

3. Location: (include county, city, state, & zip code) ______________________________

4. Legal Description of Property: ______________________________

5. Type of Property:

A. Unimproved ☐ Yes ☐ No (If no go to 5 B)

1. Present Uses ______________________________

2. Likely Uses in Private Sector ______________________________

B. Improved ☐ Yes ☐ No

1. Types of Improvement: ☐ Houses ☐ Office ☐ Warehouse ☐ Industrial ☐ Other ______________

2. Present Use of Property: ☐ Agricultural ☐ Commercial ☐ Residential ☐ Industrial ☐ Recreational Other ______________

3. Condition of Improvements: ☐ Excellent ☐ Fair ☐ Need Rehabilitation ☐ Other ______________

(OVER)

6. **Estimated Market Value of Property (no requirement for formal appraisal)**

Land $____________

Buildings $____________

Other $____________

Total $____________

7. **Other Key Data:**

Land size____________ ☐ Sq. Ft. ☐ Acres

Number of Bldgs.________

Approx. age of largest Bldg.______

Net rentable floor space________

8. **Best Marketable Features of Property:**____________________________________

9. **Best Marketing Area for Sale**

☐ Local ☐ Regional ☐ National

10. **Private Market Demand for this Kind of Property**

☐ Strong ☐ Moderate ☐ Weak

11. **Will sale of this property significantly affect other non-federal property?**

☐ Yes ☐ No

12. **Legal, Environmental, or Other Constraints on Sale of Property**____________________

13. **Present Zoning of Adjacent Property**

☐ Agricultural ☐ Commercial ☐ Residential

☐ Industrial ☐ Unkown/Other

14. **Additional Comments/Information on Property (attach black & white photo of property marked with your name and address if feasible)**____________________

15. **NAME OF REALTOR® (completing this form):**____________________

ADDRESS:____________________

TELEPHONE NUMBER: Area Code: Tel. No.____________________

LOCAL BOARD AFFILIATION:____________________

INSTITUTE, OR SOCIETY, OR COUNCIL AFFILIATION:____________________

☐ Your individual nomination without Local Board review

☐ Reviewed by Local Board

____

(Name/Telephone Number of Board E.O.

Senator **Warner**. We thank you for your contribution.

Mr. Horsley.

STATEMENT OF JOHN HORSLEY, CHAIRMAN, BOARD OF COMMISSIONERS, KITSAP COUNTY, WASH., ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES

Mr. **Horsley**. Senator Warner, it is a pleasure to appear today on behalf of the National Association of Counties. My name is John Horsley. I am a county commissioner in Kitsap County. I would like to remind the Senator that one of the last times you were there was when you announced the placement of the submarine base there.

Senator **Warner**. I remember it very well. I remember being rewarded with a platter of oysters, the like of which I have never seen again,

Mr. **Horsley**. We welcome you to come out again.

Senator **Warner**. Thank you.

Mr. **Horsley**. What I would like to do is submit our more detailed presentation for the record and then summarize. Your staff has been very patient this morning.

With regard to the administration's initiative in establishing the Property Review Board and the concept of accelerated disposal of Federal surplus lands, in general the National Association of Counties is inclined to look favorably on the general concept.

However, we do have some reservations and unless we can be satisfied with regard to those reservations we will have to withhold our support from the initiatives at this point. Our position with regard to the administration's proposals are basically this. There are four aspects of the proposal which we believe make sense. We support getting more land back on our local tax roles.

We would welcome an ongoing comprehensive survey in review of all Federal surplus holdings. Third, we believe improvements can be made to expedite the disposal of GSA surplus lands and, fourth, we support making Federal lands available to facilitate local economic development.

Our reservations about the proposal are twofold. First, we do not agree that discounted and no-cost conveyances of Federal lands to local governments for public purposes should be discontinued. I could go on at length about some of the benefits in my county and elsewhere across the Nation for park and recreational purposes, health purposes, and educational purposes, where the public has been well served by the program that Congress has seen fit to establish and we would like to see that continue.

Second, we believe that local consultation in the decisionmaking process to sell Federal lands is absolutely essential. Overall, I am concerned that if the proposal proceeds on the massive scale proposed and if it proceeds without adequate local consultation the consequences to the communities that you as Congress and we at the local level represent may be unintended, undesired, and harmfully disruptive, especially with regard to the impact on our local economy.

Two weeks ago I met in Billings, Mont., with county officials from all over the 13 Western States as well as representatives from throughout the Nation and I had the opportunity to chair a discussion of this administration initiative.

The concerns of counties with Forest Service holdings are whether putting many of those lands on the auction block may not lead to sale to recreational land speculators and taking those lands out of production of timber upon which local loggers, mills, et cetera depend.

Counties with heavy concentrations of BLM grazing land were extremely concerned that putting their lands, public lands on the auction block might now put large energy corporations in a position to outbid the local ranchers who depended on those lands for their livelihood, and again dramatically disrupt the local economies and families that have been in ranching for years.

The key point that I want to make today is that if the Congress and the Federal Government in partnership with us at the local level can work together to improve your Federal asset management, then the communities we both represent will be better off.

Through our involvement in the disposal of Federal surplus lands, we know what will work locally, what will benefit us locally and what our local economies can live with. We can also advise you of some of the facts that do not always filter back here to the national level.

Senator, earlier in the testimony that was presented to you, Congressman Kramer cited an instance in Las Vegas that has been in the national news, when a strip right next to downtown Las Vegas, 150 acres valued by someone—we don't know who—at $18 million was transferred to Clark County, Nev., for the cost of $2.50, $2.50 per acre.

What those who have presented this situation to your committee failed to point out, and I talked to one of the members on the county board in Clark County, was that the land in question was right at the end of the airport landing strip. The value ostensibly was put on the land because of its potential to be developed in Las Vegas hotel-type development or high-valued, high-rise apartments. Obviously, no local government in its right mind would provide zoning for that type of use right at the end of a landing strip.

And the Federal Government in making that assignment of property to Clark County made a prudent one rather than the foolish one that has been alluded to in the press. Maybe if some of your folks come out and ask, we can sort out those facts a little bit better.

One final thing that I would like to point out with regard to the question of rhetoric that has surrounded this issue is that it might indeed lessen apprehension at the local level if it were clarified, as Senator Wallop suggested earlier, that the administration's targets of $1 billion for this coming fiscal year and $4 billion for each fiscal year thereafter are targets only. I asked our National Association of Counties' staff to give me a feel for what the current sales from BLM lands, Forest Service lands, GSA lands are or what they have been for the last 5 years or so to give us a feel for how dramatic a crash program the administration is suggesting.

And what they showed me was that the average sales of BLM lands for the past 5 years have peaked at $7 million but this last year they were only $2 million, and from GSA lands they were somewhere in the range of $60 million. Now, we are talking about a shift from those levels of sales to somewhere in the range of $1 billion a year from now and $4 billion 2 years out.

It was, as I said, it would lessen our apprehension to the local level if it were either clarified that these are target figures only or improbable or that the administration and Congress would outline to us the plan for how you get from point A to point B, because you can see the dramatic increase in sales that would have to be achieved if you were to make that transition.

And we would appreciate hearing from Congress what you find out in that regard.

The final point that I would like to make is that we think it is fundamental to involve local government, State government, and the users of public lands such as has been suggested by the Cattlemen's Association, by Governor Herschler and Governor Lamm as the Property Review Board proceeds.

The president of our national association has written President Reagan in this regard suggesting that an advisory board to the Property Review Board be established, including local elected officials, from county and city government, but it is primarily county government that is involved in the public lands that are of so great concern; ranchers, miners, loggers, millowners, all of the users of the public lands, and then in addition to the activity at the policy level, when we are actually into this program, if it does proceed at the State and local level, what we would like to see is a local signoff procedure where GSA or one of the other agencies on a proposed sale comes to each county government involved, to ask us whether the proposed sale is indeed consistent with local land use plans and we have a chance to sign off, and whether we approve or disapprove of the proposed sale.

I believe that if you can get that local signoff and review that much of the cumbersome GSA procedures that are currently the case, in addition to that lengthy congressional oversight, can be avoided and only in those instances where there appear to be problems locally as filtered up to you by local officials would congressional oversight have to be invoked.

[The prepared statement of Mr. Horsley follows:]

TESTIMONY OF JOHN HORSLEY ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES ON FEDERAL PROPERTY MANAGEMENT AND DISPOSAL BEFORE THE SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES, MAY 18, 1982.

Mr. Chairman and Members of the Committee:

My name is John Horsley, and I serve as Chairman of the Board of Commissioners for Kitsap County, Washington. I also serve as a member of the Board of Directors of the National Association of Counties.*

We are pleased at the opportunity to testify on federal property management and disposal. This is an extremely important issue to the west, and will have a far reaching impact on counties.

Counties across the country, and especially in the west, have long been interested in legislation which affects the 775 million acres of federally owned land within their boundaries.

---

* The National Association of Counties is the only national organization representing county government in the United States. Through its membership urban, suburban, and rural counties join together to build effective, responsible county government. The goals of the organization are to:

- improve county government;
- serve as the national spokesman for county government;
- act as a liaison between the nation's counties and other levels of government;
- achieve public understanding of the role of counties in the federal system.

Many counties contain large tracts of public lands. In the west, for example, Gila County, Arizona, is 97% federally owned; Kane County, Utah, contains 92% federal lands; Hindsdale County, Colorado, 96%. The list of western counties in this situation is lengthy.

Federal land ownership also substantially impacts non-western counties. Examples are: Swain County, North Carolina, 70%; Cook County, Minnesota, 66%; and McCreary County, Kentucky, 80%.

My own Kitsap County, while not a host to open space public lands, is the most federally impacted jurisdiction in America. We are home to the Puget Sound Naval Shipyard, Keyport Torpedo Station, a Fuel Depot, a Supply Center, a Navy Hospital, and most recently the Trident Submarine Base - the largest U.S. Naval Base ever built.

Thus, the social and economic fabric of community life is closely tied in with the presence of public lands. Public lands counties are directly and, often, dramatically affected by federal land management policies, plans, and activities.

Further, counties have an important intergovernmental role to play in planning and managing the uses of the public lands. County officials have been elected to represent and express the economic, social and environmental concerns of local citizens directly affected by public land management decisions. Counties generally have the land use planning and zoning authority in the unincorporated areas where the public lands are located.

So, counties have an important stake in the proposed initiatives by both Congress and the Administration to forge an overall policy for the inventory, management, and disposal of the federal lands and realty. President Reagan has already created a Property Review Board of high level officials within the Executive Branch to carry this out. The President has also asked each federal agency to identify and survey its land and property holdings, and report back to the Board.

In general, NACo is inclined to look favorably on the general concept, although we do have reservations about certain specific aspects. Our reservations would have to be addressed before we could give unqualified support for these initiatives.

We are definitely supportive of getting more land back on the tax rolls. The reliance by counties on the property tax underscores the impact federal land ownership has when it leaves counties with a diminished tax base. Thus, these initiatives could potentially increase the county tax base and boost the provision of local government services. NACo has always endorsed the sale, at fair market value, of federal lands for commercial, industrial, and other uses where the sale is in the public interest and important public values will not be lost.

Further, Budget Direction Stockman pointed out in Senate hearings that with BLM and Forest Service lands, the prime candidates for disposal will be:

- lands that cannot be efficiently managed because of the small size and location of the parcels;
- parcels proximate to urban and suburban areas that would contribute to local economic development; and
- properties which may have potential for higher and better use in private ownership.

NACo has long supported the use of federal lands for expanding existing communities and for developing new communities and towns. We have always been particularly interested in acquiring federal property for landlocked communities which cannot expand because they are surrounded by federal lands. Thus, these initiatives could well help stimulate economic and community development during a time of critical economic concern.

Finally, we welcome an ongoing comprehensive survey and review of federal land holdings. This cannot help but enhance federal land management practices, and make for closer cooperation and coordination in federal and county land use planning. While counties already have good working relationships with both the Forest Service and BLM on planning, this will provide a more comprehensive framework between counties and all agencies.

However, we must voice our reservations with these proposed initiatives, and our concern that there could be some serious ramifications for counties.

Both the Administration and proponents of S. Res. 231 propose to discontinue the no cost and discounted conveyances of federal lands to local governments for public purposes. Budget Director Stockman said in his Senate testimony: "A ... policy change is that of elimination of nearly all real property discount conveyances to state, local, and non-profit entities for public benefit use."

NACo strongly supports the sale, transfer, or exchange of federally owned land for public purposes. The sale should be at nominal prices, and the use of such lands should be restricted to an agreed-upon public purpose.

Further, NACo supports federal programs which would make surplus federal real and personal property available at zero to 50% of fair market value to local governments for park and recreational purposes. This is the present situation under the Recreation and Public Purposes Act.

There are several statutes which provide for either discounts or no cost conveyances of federal property to local governments when the county will use that property for a public purpose. If there were now an across-the-board requirement that counties pay fair market value, it would have a chilling effect on the county acquisition of this land for public purposes.

Many county governments simply don't have the ability to pay fair market value. Since the land would be used for public purposes, it would not generate any income to the county, so the county cannot cost out the land.

In many instances counties are already having trouble coming up with the fair market value of federal lands they wish to buy for public purposes. With some form of state statutory revenue and expenditure limite in effect, most counties will not be able to impose additional taxes or mill levies just to buy land.

It may be short sighted and ultimately self-defeating to require a county to strain limited financial resources to acquire land to be used for a public benefit.

While some areas may not use the land for the public purpose for which it was conveyed, an overwhelming majority do! We do not think it equitable to penalize the preponderance of local governments, when they are using federal lands for economic development, or furthering the police, health or welfare function of government. The jurisdictions who properly use these federal land conveyances far exceed the ones who don't.

Further, many counties are depressed areas with double digit unemployment. A significant number of those depressed counties have significant tracts of public lands. If a county cannot afford land for public purposes, essential economic development may not occur. In many cases, if the county can acquire the land, its public use could stimulate economic recovery and development which could eventually yield benefits to the federal treasury which could exceed the original price of the land. For example, five counties in Utah need land for airport expansion. The airports are completely surrounded by public lands. The counties cannot afford the fair market value, yet expanded airports could help spur industrial growth in those areas. Under the few federalism, if counties are going to assume greater responsibilities, they will need adequate resources. These discounted transfers are one important form of resources.

We are also seriously concerned that federal lands, if sold only at fair market value, will end up going to the highest bidder. Lands may end up going to the only entities which can afford them - corporations. Counties may simply be priced out of the market, as well as other users such as ranchers.

Our second major concern is that counties be involved in the land management and disposal process at each stage of these activities. Towards this end, NACo wrote President Reagan on April 9. (A copy of the letter is attached). We requested that the President appoint an advisory group to the Property Review Board. We suggested that the advisory group be composed of county officials, users of the public lands, and others affected by public lands activities. We said: "The Property Review Board will need information as to how their activities will affect the economic and social fabric of communities as well as a community's ability to extend property related services. For example, selling off large quantities of federal grazing land at one time might cause economic hardship for ranchers in an area, which in turn could lead to unemployment, private property foreclosures, and bankruptcies."

The Property Review Board will have to carefully assess the impact of federal land sales on local communities. The Board should work closely with local officials, and the best way to do this is through an advisory group.

We also recommend the creation of state local review committees to work with the federal government. To a certain extent, a national policy of this type needs to be localized in nature because of the local impact.

NACo policy strongly endorses long range land use planning on federally owned lands. States and local governments must be given an effective role in this planning process, and federal land use policies, plans, and activities must be consistent with officially adopted state and local land use policies, plans and zoning. This includes disposal of federal lands by the government.

This is also clearly enunciated Congressional policy. Section 202(a) of the Federal Land Policy and Management Act (FLPMA) provides: "The Secretary shall, with public involvement ... develop land use plans... for the use of the public lands." Section 202(c)(9) requires consistency of BLM land use plans with local plans and outlines the requirements to closely involve local officials in the federal land use planning process.

There are several laws like FLPMA that not only provide for local consultation and consistency in federal land management and disposal, but also for the public purpose discount to local governments. Further these laws require Congressional approval for land sales over certain limits. We hope that the Property Review Board review them carefully before recommending any wholesale changes, ammendments, or repeals.

Further, what will the policy be with regard to valid existing rights, such as grazing rights. Without local input on the status of these rights and their holders, federal activities could seriously affect the economic health of an area. This in turn might require more services from a county, strapping already limited resources. The current statutes do, by their local consistency and participation requirements, provide protection for the users of the public lands and their valid rights.

We feel this proposed initiative will be an on-going process, with many issues to be resolved. NACo hopes to work closely with the Congress and Administration to address these issues, and to insure maximum coordination and success of this effort.

This completes my prepared statement. I would be pleased to respond to any questions you might have.

NACo
National Association of Counties
Offices • 440 First Street, N.W. Washington, D.C. 20001 • Telephone 202/393-NACO

April 9, 1982

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

On February 25, 1982, you created a Property Review Board by Executive Order 12348. The Board will develop and review federal land acquisition and disposal policies, set guidelines for identifying excess federal property, and set policy for disposal of such property. We understand that the members of the Board will be officers and employees of the Executive Branch.

Counties across the country, and especially in the west, have always been vitally interested in legislation which affects the 775 million acres of federally owned land within their boundaries. Counties have an important intergovernmental role to play in planning and management for uses of public lands. Counties generally have the land use planning and zoning authority in the unincorporated areas where public lands are located. The policies, plans, and activities for public lands impact on adjacent land use activities. County officials have been elected to represent and express the economic, social, and environmental concerns of local citizend directly affected by public land management decisions.

We request that you appoint an Advisory Group to the Property Review Board. The Advisory Group should be composed of county officials, users of the public lands, and others affected by public lands activities. The Property Review Board will need information as to how their activities will affect the economic and social fabric of communities as well as a community's ability to extend property related services. For example, selling off large quantities of federal grazing land at one time might cause economic hardship for ranchers in an area, which in turn could lead to unemployment, private property foreclosure, and bankruptcies.

The property Review Board will have to carefully assess the impact of federal land sales on local communities. The Board should work closely with local officials, and the best way to do this is through an Advisory Group.

We strongly recommend that you take this action. We stand ready to work with you and the Property Review Board to insure that any land disposals are carried out as smoothly as possible with minimal disruption to local communities.

Very respectfully yours,

J. Richard Conde

J. Richard Condor
President

JRC:cgh

Senator **Warner**. Thank you for those observations. I am going to ask counsel to introduce the next panel at the desk. I will be right back. Thank you very much.

Mr. **Ellsworth**. The next panel is Terry Sopher, public lands specialist, the Wilderness Society; Alison Horton, associate legislative director, National Audubon Society; Barry Tindall, director, public affairs, National Recreation and Parks Association; Debbie Sease, Washington representative, Sierra Club.

Terry, when the Senator returns, why don't you start off.

Senator **Warner**. I appreciate your patience in waiting. I am not criticizing the chairman, but I try sometimes to reverse the order in each general category of witnesses, so the ones that are last can be first.

We are delighted to receive your statements in their entirety and take your time. I do have to be with the majority leader at 1 o'clock on the dot, so if you could help divide that time.

STATEMENT OF TERRY SOPHER, PUBLIC LANDS SPECIALIST, THE WILDERNESS SOCIETY

Mr. **Sopher**. Thank you, Senator. We appreciate the opportunity to appear before you this morning. I am Terry Sopher, the Wilderness Society staff specialist on public lands administered by the Bureau of Land Management. Prior to joining the Wilderness Society 1 year ago, I was a 9-year career civil servant in the Department of the Interior, including 3 years in the Bureau of Land Management.

Senator **Warner**. You know your subject.

Mr. **Sopher**. Senator, this committee has historically played a vital role in formulating law and policy to insure wise management of our Nation's natural resources. The best of this law has recognized that our Federal public lands represent an immense national wealth, both in terms of commodity values, such as timer and minerals, and in terms of irreplaceable scenic, recreational, environmental, scientific, and historical values.

It has also recognized that these public land resources must be managed to insure that present and future generations have the enduring benefits of this heritage.

We believe that this resource heritage is jeopardized by proposals to privatize Federal public lands. And the administration's asset management program is already threatening to undermine current law and policy mandating sound management of the public lands for the benefit of all the people. So we commend you and the committee for scheduling this hearing. We believe the committee has a vital role to play in protecting the public's resource wealth contained on these public lands.

As you know, the privatization concept assumes that hundreds of millions of acres of Federal lands will be sold, particularly national forests and BLM lands. This concept is being actively promoted by key administration officials. And leading Sagebrush Rebellion groups, such as the States Rights Coordinating Council, have been quick to endorse the privatization concept.

Privatization is nothing more than the Sagebrush Rebellion by a different name. The basic goal is exactly the same, divest the general public of the resource wealth contained on the public lands and convert it into private wealth.

At first look, the concept seems very intriguing, very appealing to those who are unfamiliar with public land. Some of the central impressions left by the proponents are the following:

The Federal Government has hundreds of millions of acres serving no useful purpose; selling this land to private owners will not only generate revenues to reduce the debt but will allow the private sector to put the land to productive use, which is not occurring currently; finally, government ownership fosters mismanagement.

In short, the basic argument is that these public lands are not providing important benefits to the Nation and that only sale of these lands will provide the greatest benefits to the people.

As this committee well knows, these very concepts were thoroughly and carefully considered over more than two decades of deliberation by the Congress on a bipartisan basis. And these concepts were resoundingly rejected, as they should have been.

The Public Land Law Review Commission in 1970 concluded very firmly, first, wholesale disposal of public lands would not serve the maximum public interest; second, the maximum benefit to present and future generations of Americans would come from management of the lands to provide for the so-called multiple use and sustained yield.

Finally, it acknowledged that there may be modest cases, and I emphasize modest cases, and those are their words, where disposal would be appropriate. This should be determined on a case-by-case basis through careful land use planning.

As you know, Senator, in the last 8 or 10 years the Congress enacted laws for both the Forest Service and BLM to establish that kind of comprehensive, professional land use planning system.

Given the thoughtful and thorough review of this issue over 20 years, it is certainly irresponsible for advocates of privatization to perpetuate the myth that public lands are serving no useful purpose, providing no major benefits to the Nation as public lands.

Let me just briefly touch on a few of these that have not been mentioned. What about the commodity value of timber? The forest and BLM lands provide 23 percent of the Nation's total commercial timber land; forage or graze land, 270 million acres of the land is grazed for about 19 million so-called animal unit months of use by cattle, horses, and sheep.

Minerals, over 130 million acres of the land is already under lease for various mineral exploration and development activities. All virtually major portions of these public lands are open furthermore for hardrock mining under the 1872 mining law.

What about noncommodity values? A wide range of natural and scenic, educational, research, and recreational values are provided by these lands. For instance, the BLM and Forest Service lands provided 353 million visitor days of all forms of recreation in 1981.

Water resources, something that is seldom talked about in the context of this sales program, yet, water is critical as we all know. These lands together provide 6 million acres of lakes, 214,000 miles of freshwater streams. In the West alone, over 50 percent of the volume of flowing water for use by ranchers, farmers, industry originates in the national forests.

Fish and wildlife, almost 400 million acres of big game habitat. BLM alone provides a habitat for one out five of the Nation's big game animals, brown and grizzly bear, big horn sheep; 50 percent of the moose, 65 percent of the mule deer, 45 percent of the antelope.

What about revenue generation? This is one of the points that we are trying to emphasize. Revenues generated in 1981 were $12.5 billion from use of these lands. And the revenues on a sustained basis could be even higher if the Government and the taxpayers were receiving true, fair market value under the leasing system for grazing and for the leasing of minerals and if the hard-rock minerals were put under a leasing system that represented true market value.

In conclusion, Mr. Chairman, it is time for the privatization scheme to be revealed for what it is, a land grab to provide immense profit to a few at the expense of present and future generations. If the public land sales program is not carefully kept in check by the Congress, historians of the future will judge us harshly indeed.

Privatization could become known as privatization of our Nation's public land and resource inheritance. Thank you, Mr. Chairman.

[The prepared statement of Mr. Sopher follows:]

THE WILDERNESS SOCIETY

FOUNDED IN 1935

SUMMARY STATEMENT

Statement of Terry Sopher, Representing The Wilderness Society, Before the U.S. Senate Committee on Energy and Natural Resources, May 18, 1982, on Issues Related to the Reagan Administration's "Asset Management" Program and "Privatization" of Federal Lands

---

Mr. Chairman and members of the Committee, I am Terry Sopher, The Wilderness Society's staff specialist on public lands administered by the Bureau of Land Management. I received my formal education in the West in natural resource management. Prior to joining the staff of The Wilderness Society one year ago, I was a 9-year career civil servant in the Department of the Interior, including 3 years in the Bureau of Land Management.

The Wilderness Society is a national organization representing 60,000 members dedicated to promoting a land ethic and effective multiple use management of the Nation's public lands. So we appreciate the opportunity to present testimony on issues related to the Administration's programs and proposals to sell the Federal lands.

This Committee of the Senate has historically played a vital role in formulating law and policy to ensure wise management of our Nation's natural resources. The best of this law has recognized that our Federal public lands represent an immense national wealth - both in terms of commodity values such as timber and minerals, and in terms of irreplaceable scenic, recreational, environmental, scientific and historical values. And it has also recognized that these public land resources must be managed to ensure that present and future generations have the enduring benefits of this resource heritage.

Mr. Chairman, The Wilderness Society believes this resource heritage is jeopardized by proposals to "privatize" the Federal public lands. And the Administration's "asset management" program is already threatening to undermine current law and policy mandating sound management of the public lands for the benefit of all the people. So we commend you and the Committee for scheduling this oversight hearing. We believe the Committee has a vital role to play in protecting the public's resource wealth contained on the Federal lands.

As you know, Mr. Chairman, the "privatization" concept assumes that hundreds of millions of acres of Federal lands will be sold - particularly national forests and public lands administered by the Bureau of Land Management. This concept is being actively promoted by key Administration

1901 PENNSYLVANIA AVENUE, N.W., WASHINGTON, D.C. 20006

(202) 828-6600

officials. And leading Sagebrush Rebellion groups, such as the States Rights Coordinating Council, have been quick to endorse the "privatization" concept. That this concept is being supported by various Administration officials and Sagebrush Rebels is not surprising. President Reagan, Secretary of the Interior Watt, and BLM Director Robert Burford are all self-proclaimed supporters of the Sagebrush Rebellion.

"Privatization" is nothing more than the Sagebrush Rebellion by a different name. The basic goal is the same - divest the general public of the resource wealth contained on the public lands. In other words, to convert public wealth into private wealth.

At first look, to many people unfamiliar with the public lands the "privatization" concept sounds reasonable because of the appealing assertions of its proponents:

- the Federal Government has hundreds of millions of acres of land serving no useful purpose.
- selling this land to private owners will not only generate sales revenues, but will allow the private sector to put the land to productive use.
- government ownership fosters mismanagement.

In short, the basic argument is that these public lands are not providing important benefits to the Nation -- only sale of these lands will provide the greatest benefits to the people.

As this Committee well knows, these very concepts were thoroughly and carefully considered over the past two decades by Congress and by both Democratic and Republican administrations. And they were resoundingly rejected.

Central to this examination was the bipartisan Public Land Law Review Commission established by Congress in 1964. Its mandate: Make recommendations on the future of the public lands.

After literally years of hearings, commissioned studies, and extensive debate, in 1970 the Commission issued its final recommendations. The basic conclusion:

- wholesale disposal of public lands would not serve the maximum public interest;
- maximum benefit to present and future generations of Americans would come from management of the public lands to provide for "multiple use and sustained yield" of resources;
- there may be "modest cases where disposal would be appropriate; this should be determined on a case-by-case basis through careful land use planning.

These were momentus conclusions, especially given that the Commission was chaired by Congressman Wayne Aspinall, a strong supporter of States' rights and economic development. Between 1970 and 1976, the Congress and the President enacted these concepts into law. Both the Forest Service and the BLM were mandated to develop a land use planning process to provide for multiple use and sustained yield.

Given the thoughtful and thorough review of this issue over 20 years, it is certainly irresponsible for advocates of "privatization" to perpetuate the myth that public lands are serving no useful purpose -- providing no major benefits to the Nation as public lands. Congress and past Administrations in fact concluded just the opposite: these public lands provide multiple uses and sustained yield of resources that could not be achieved through private ownership.

What are these multiple use benefits? The BLM and Forest Service lands provide a wide range of commodity and noncommodity values. Let me illustrate a few:

Commodity Values

Timber

- 23% (114 million acres) of the Nation's total commercial timber land (438 million acres).
- 13 billion board feet of timber are harvested annually from these lands.
- these sales generate almost a billion dollars in receipts shared among the states, counties, and the Federal Government.

Forage (Rangeland)

- 270 million acres of the land is grazed (170 million acres BLM; 100 million acres U.S. Forest Service).
- total of about 19 million animal unit months (AUM's) of use by cattle, horses, sheep.
- over $38 million in grazing fee receipts.

Minerals

- over 130 million acres leased.
- offshore leasing revenues: $10 billion
- onshore revenues: $822 million

Noncommodity Values: a wide range of natural and scenic values, educational, research, cultural, and recreational values. To illustrate a few:

Recreation

- 353 million visitor days for all forms -- off-road vehicles, hiking, fishing, hunting, etc.

Water

- almost 6 million acres of lakes
- over 214,000 miles of freshwater streams
- in the West, over 50% of volume of flowing water for use by ranchers, farmers, industry, etc., originates in national forests
- over 1,000 municipal watersheds are contained in national forest lands.

Fish and Wildlife

- total of almost $12.5 billion gross receipts
- revenues generated could be even higher if full fair market prices were charged for grazing, mineral leasing, hardrock mining:
  - Grazing: BLM/FS charge only $1.86/AUM in 1982 compared to $8.83/AUM on comparable private land.
  - Mineral Leasing: onshore lease royalty is only 12.5%; less than the 16.67% for offshore leases and far less than the 33+% charged on some private lands.
  - Hardrock Mining: hardrock miners pay absolutely nothing to the Government for mining valuable minerals.

But, some may ask, is it not true that the private sector could manage these lands more effectively and efficiently? The answer is clearly "No!" The history of resource development in this country has far too many examples of where the land and resources have been wasted in the quest for a "fast buck." Destructive mining practices, overgrazing, "cut and run" timber practices, and destructive farming practices on private and public land were the major factors in the first demands in the late 1800's for land and resource conservation policies by the Federal Government.

Similarly, too often private development of resources has led to "boom and bust" economics. A major goal of Congress in enacting the multiple use laws was to ensure stable production of resources over the long run. This is well illustrated by the timber situation in the Pacific Northwest where Forest Service and industry lands are about equal in productive potential for timber.

U.S. Department of Agriculture data reveal that the annual cut rate on forest industry lands is projected to decline steadily into the next century.

It reached a high in 1976 at 8.4 billion board feet (bbf) and will steadily drop to an annual rate of 2.9 bbf in 2030. Net annual growth also declines. In contrast, on National Forest lands, the annual cut rate is generally stable, at 3.4 bbf in 1976 and at 3.9 bbf in 2030. In sharp contrast to industry lands, the net annual growth on forest service land more than doubles by 2030. This is the result of sustained-yield management.

Conclusion

In conclusion, Mr. Chairman, it is time for the "privatization" scheme to be revealed for what it is: a land grab to provide immense profit to a few at the expense of the general public.

If the public land sale program is not carefully kept in check by the Congress, we fear that historians of the future will judge us harshly indeed. "Privatization" could become known as "piratization" of our Nation's public land and resource inheritance. The 1980's could well be viewed as another era of corruption and scandal, in which these lands were put on the auction block, sold to the highest bidder, and the future be damned.

Senator **Warner**. Thank you. Indeed it is awfully hard to look into the future generations of America and try to determine what use these lands could be put to but those are valuable statistics.

We are going to take the time that you need, even though I have to be absent myself, and counsel for the committee will remain, so take what time you require.

STATEMENT OF ALISON HORTON, ASSOCIATE LEGISLATIVE DIRECTOR, NATIONAL AUDUBON SOCIETY

Ms. **Horton**. Thank you, Mr. Chairman. I will try to be brief.

Senator **Warner**. You take that time. You have waited patiently and your contribution is helpful. Your statement in its entirety will be put in the record and I apologize. I offered to be here from 12 to 12:30 and I have taken an additional half hour.

Ms. **Horton**. Knowing that our statements are going into the record, I am still sure I can summarize and minimize some redundancy with previous statements as well.

My name is Alison Horton and I appreciate this opportunity to present the views of the National Audubon Society regarding the issue of Federal property management and disposal. The National Audubon Society, with nearly half a million members in 470 chapters across the country, prides itself on its efforts to strike a reasonable balance in the name of environmental protection.

We are concerned both with the Reagan administration proposals and actions related to Federal property sales and proposals initiated by Senator Percy's resolution, Senate Resolution 231. Our fundamental concerns with the proposals which we have heard to date are two fold. First, we deplore any initiative which would result in a retreat from the existing national policy that it is in the best interest of the American people to retain the public lands in public ownership.

Second, we would oppose any program which threatens to undermine the ability of State and local governments to provide much needed recreation and open space opportunities for their citizens.

The National Audubon Society is greatly concerned about the direction which administration initiatives on the Federal property sales issue have taken to date. This administration has expressed a commitment to increased development in wilderness areas, a commitment to unraveling the planning process for public lands, we feel, to zeroing out the land and water conservation fund.

Senior policy advisers have even recommended the sale of wilderness areas. The climate for sound, conservation-minded public lands policy, and certainly for policies for land disposal, is not, to say the least, a reassuring one.

My written statement discusses some of the history behind the present public lands policy, which I think lends important perspective to this issue, but I think I would like here to move on and talk briefly about some of our concerns relating to surplus property issues. Regarding those excess Federal properties which have been identified as surplus for disposal by General Services Administration, sensible land use and planning procedures demand that the current practice, which makes surplus properties available at discounted cost for public benefit purposes to other governmental entities, should continue.

Specifically for park, recreation, and community open space needs, approximately 1,300 tracts have been transferred to State and local governments at no cost since 1948. A brief survey of that listing of transfers indicates, not surprisingly, that such transfers can be found all across the country and, in general, concentrated in the most densely populated States.

The advantages to be gained from such a surplus property disposal system seem relatively evenly distributed among the taxpaying citizenry.

By and large these property transfers have resulted in park and recreation areas, which have been of significant value and use to local communities, because we consider open space and recreational resources critical to the well-being of our Nation's communities. Because benefits to be gained by large percentages of the American public are incalculable, because available lands for such purposes are becoming increasingly scarce and because the cost entailed in the reversion of developed lands to open space are enormous, we must oppose any Federal property sales program which does not continue to include a well-defined mechanism assuring that surplus properties can be made available at no cost to other Government entities for public benefit uses.

Clearly, there are abuses in the discounted conveyance program which need to be corrected through improved enforcement and monitoring of that program. However, to do away with the program as a whole would be to ignore the significant public benefits which do indeed stem from that.

Our concerns with the administration's real property program are frankly numerous. I will just highlight one particular concern here and that is our concern that there have been no suggestions from the administration regarding the involvement of the public in these procedures, despite the fact that this program has been underway for several months.

Public benefit has been subsumed to maximize economic gain without a clear mechanism for judging whether that economic gain outweighs other benefits. Once again, the Reagan administration has launched an attack on the publicly owned natural resources and values across the country.

The National Audubon Society, therefore, urges this committee, Mr. Chairman, to oppose attempts to undermine the national interest. The course which the administration is presently taking needs to be altered. To embark upon an accelerated Federal property sale program of any sort, which does not expressly exclude the public lands and does not assure a mechanism by which Government entities can acquire lands at discount for public benefit purposes, such as open space and recreation, is to do a great disservice not only to this generation of Americans but most certainly to the next.

Thank you.

[The prepared statement of Ms. Horton follows:]

National Audubon Society
NATIONAL CAPITAL OFFICE
645 PENNSYLVANIA AVENUE, S.E., WASHINGTON, D.C. 20003 (202) 547-9009

STATEMENT OF ALISON HORTON
ASSOCIATE LEGISLATIVE DIRECTOR
PUBLIC LANDS AND WATERS PROGRAM

BEFORE THE SENATE
ENERGY AND NATURAL
RESOURCES COMMITTEE

May 18, 1982

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to present the views of the National Audubon Society regarding the issue of federal property management and disposal.

The National Audubon Society with nearly half a million members in 470 chapters across the country prides itself on its efforts to strike a reasonable balance in the name of environmental protection. We are concerned both with Reagan Administration proposals and actions related to federal property sales and proposals as initiated by S. Res. 231.
Our fundamental concerns with the proposals which we have heard to date are two-fold, and it is on these which this statement focuses. First, we would deplore any initiative which would result in a retreat from the existing national policy that

it is in the best interest of the American people to retain the public lands in public ownership. Second, we would oppose any program which threatens to undermine the ability of state and local governments to provide much needed recreation and open space opportunities for their citizens.

The National Audubon Society is greatly concerned about the direction which Administration initiatives on the federal property sales issue have taken to date. This Administration has expressed a commitment to increased development in wilderness areas, to unraveling the planning process for the public lands, to zeroing out the Land and Water Conservation Fund. Senior policy advisors have even recommended the sale of wilderness areas. The climate for sound, conservation-minded public lands policy, and certainly for policies for land disposal, is not, to say the least, a reassuring one.

The Public Lands

Let me first address what may be broadly described as the public lands -- for the purposes of this issue those lands managed by the Department of the Interior Bureau of Land

Management andby the Department of Agriculture as national forests. This committee is intimately familiar with national public land law and policy. However, to add essential perspective to this discussion on the existing national policy governing our public lands I want to recap briefly some of the key elements of the history behind that policy. The vast public domain was built up over the course of our nation's first century. At one time or another the federal government has held title to four-fifths of the nations's land mass. The Homestead Act of 1862, other settlement acts, grants to states and the railroads resulted in disposal of over a billion acres of this public domain through 1976. Throughout much of our history it was the commonly held view that outside of parklands, forests and mineral areas, the public lands were to be disposed of.

That the federal land disposal programs were abused for decades is well known. Lack of foresight coupled with lack of organization allowed unscrupulous speculators and big-money monopolies to dominate the federal disposal programs. Much of the public lands legislation of the last half of the 1800's provided the mechanisms for this abuse; the Timber and Stone Act, the Timber Cutting Act, the Dawes Act of 1887, the Desert Land Act of 1877 paved the way for massive giveaways of land and resources.

The change in public attitudes towards the public lands came with a realization that they were finite, that they were a resource of diminishing quantity and increasing value. The result was new law and refined policy direction. For instance, the Multiple Use and Sustained Yield Act was enacted in 1960 to provide that the national forests be administered for a broad range of uses such as outdoor recreation, range, timber and wildlife. The Classification and Multiple Use Act of 1964 extended similar multiple use authorities to the Bureau of Land Management.

Also in 1964, the Public Land Law Review Commission was established by act of Congress. The review which that commission undertook was, almost ironically, the price which then-House Interior Committee Chairman Wayne Aspinall extracted for allowing passage of the Wilderness Act. Accompanying the establishment of the commission was Congressional language stating that the public lands should either be retained or disposed of "in a manner to provide the maximum benefit for the general public." With this directive, and under the chairmanship of Aspinall, the commission went to work. Wayne Aspinall was hardly viewed as an environmentalist, and the report which resulted from his commission's deliberations in 1970 contained much to please those who advocated massive resources exploitation. The document was, however, abundantly clear with respect to the basic principle that the nation should follow a policy of retaining what was left of its public lands.

In 1976 this policy of retention of the public lands was reinforced by passage of the Federal Land Policy and Management Act (FLPMA). FLPMA set up mechanisms for planning, management and coordination on the public land managed by the Bureau of Land Management. It also specifically provided for land sales as appropriate within the planning framework (Sec. 203).

FLPMA also calls for a long overdue inventory of public land resources so that planning for and management of those resources can be undertaken with the best possible information at hand. Such an inventory is essential to an adequate planning process just as disposal of tracts which are not suitable for retention is essential. And adequate planning is, in turn, essential to wise resource management. However, to separate the inventory process from the planning process, to make it not an inventory of resources but one of assets, to describe its goal not as judicious management of resources but as identification of assets to be liquidated as does Senator Percy's S. Res. 231 will inevitably result in circumvention of the already established planning process.

What does even a cursory look at the history of public land policy in this country tell us? It tells us we would be turning back the clock in undertaking accelerated disposal of public lands. The realization that the public lands were becoming a scarce and increasingly valuable national resource resulted in unequivocal policy for their retention. The opportunity for limited one-time income from an accelerated program of public land sales can not begin to outweigh the irreplaceable losses which would result if land of significant value were disposed of.

Yet this Administration has initiated a program which could result in just such loses. These same Bureau of Land Management lands which I have been discussing are the ones which OMB Director Stockman has identified in testimony as "residual" and "leftover" and which he said "would be the major focus of a

Property Management Program" for the Departments of the Interior and Agriculture.

GSA Surplus Properties

Turning to those excess federal properties which have been identified as surplus for disposal by the General Services Administration, sensible land use and planning procedures demand that the current practice which makes surplus properties available at not cost for public benefit purposes to other governmental entities continue.

Specifically for park, recreation and community open space needs approximately 1,300 tracts have been transferred to state and local governments at no cost since 1948. A brief survey of the listing of these transfers indicates, not surprisingly, that such transfers can be found all across the country and, in general, concentrated in the most densely populated states. The advantages to be gained from such a surplus property disposal system seem, therefore, relatively evenly distributed among the taxpaying citizenry.

Because we consider open space and recreational resources critical to the well-being of our nation's communities, because the benefits to be gained by large percentages of the American public are incalcuable, because available lands for such purposes are becoming increasingly scarce, because the cost entailed in the reversion of developed lands to open space are enormous, we must oppose any federal property sale program which does not include a well-defined mechanism assuring that surplus properties can be made available at no cost to other government entities for public benefit uses.

The Administration Real Property Program

The Reagan Administration is in the process of implementing its Federal Real Property Program. Up to 5 percent of the federal lands have been targeted for possible sale, meaning approximately 35 million acres. Mr. Stockman announced the policy that conveyances to state and local governments for public benefit purposes are being eliminated (with an exception for correctional facilities).

Also in place is Executive Order 12348. Among the provisions which most clearly jeopardize rational planning and management on the public lands is the directive that the Property Review Board, made up of senior White House staff, will "establish for each Executive agency annually the target amount of its real property holdings to be identified as excess" Sec. 2(f)). Further, all agencies were to have completed by April 25, 1982, identification of all holdings "not being put to optimum use" (Sec. 3(b)).

Following from this in Section 3(c) is the directive to identify properties to be disposed of in accord with the targets set by the Board. The Administrator of General Services has been given override power to report any properties which an agency has not recommended for disposal if the Administrator judges them to be excess. By further memorandum the Property Review Board has been established as the body which must authorize any exceptional discounted conveyance transfer which is permitted to take place. The havoc which such a procedure could bring to any orderly resource planning process is self-evident.

There have been no suggestions from the Administration regarding involvement of the public in these procedures despite the fact that the program has been underway for several months. Public benefit has been subsumed to maximized economic gain without a clear mechanism for judging whether that economic gain outweighs other benefits. Prisons are, in fact, the only identified overriding use of public benefit. Once again the Reagan Administration has launched an attack on the publicly-owned natural resources and lands of this country.

The National Audubon Society must urge this committee to oppose attempts to undermine the national interest. The course which the Administration is presently taking must be altered. To embark upon an accelerated federal property sale program of any sort which does not expressly exclude the public lands and does not assure a mechanism by which government entities can acquire lands at discount for public benefit purposes such as open space and recreation is to do a great disservice not only to this generation of Americans but most certainly to the next.

Senator **WARNER**. Thank you very much. We will now hear from Debbie Sease, Washington representative, Sierra Club.

STATEMENT OF DEBBIE SEASE, WASHINGTON REPRESENTATIVE, SIERRA CLUB

Ms. **SEASE**. Thank you, Mr. Chairman. I also will be brief with the understanding that my full written remarks will be entered into the record. In these written statements I have summarized the Sierra Club's position on land sales, both in regard to public lands managed by the Departments of Interior and Agriculture and the GSA surplus properties.

In my oral remarks, I would like to focus upon the public lands managed by the Department of Interior and the Department of Agriculture, where our primary concerns are. Our position in brief is that we support the policy established by the Federal Policy and Land Management Act and other acts of retention of the public lands.

We prefer exchange as the first option for blocking up scattered, isolated tracts and view sale as a last alternative and it should be done only through full public participation and when the land truly is not in the national interest to be retained.

There is mounting evidence that belies the administration's assurances that the real property management program will not seek to sell significant quantities of public lands managed by Interior and Agriculture. Most disturbing is the aura of secrecy surrounding the development of the program within the Bureau of Land Management.

I call the committee's attention to three memoranda that are attached to my statement. One of these memos, in fact, questions the wisdom of Congress in having called for the retention of BLM public lands.

The third instruction memorandum prohibits the State offices from communicating with the public regarding the results of the inventory and asserts that public participation will be sought only after the program is formulated. Presumably, the information has been collected since April 21, but all efforts to determine the results have met with failure.

According to the memo, the reason for secrecy is concern that communicating with the public would feed rumors. However, the vacuum of reliable information in combination with reports from senior adviser, Steve Hanke, calling for the sale of as much as 155 million acres of grazing lands seem far more likely to create an atmosphere of public mistrust and speculation.

Finally, Mr. Chairman, the Sierra Club sincerely wishes to work with this committee to address the problems that have been identified in the disposal of excess property, but we will oppose with all of our collective energy any legislation which erodes the policy of public land retention established in the Federal Land Policy and Management Act and we will oppose with equal vigor any administrative action taken in the name of streamlining or improving, which erode that basic policy of retention.

Thank you.

[The prepared statement of Ms. Sease follows:]

STATEMENT OF DEBBIE SEASE, WASHINGTON REPRESENTATIVE, SIERRA CLUB

Mr. Chairman, Members of the Committee:

I would like to thank the Committee for providing the Sierra Club this opportunity to express its views on federal land sale proposals. The Sierra Club is a conservation organization with some 300,000 members [redacted]

All of the various "privatization" proposals for selling federal lands to offset the national debt raise serious concerns for our organization. This statement will focus on S. Res. 231 and the administration's Real Property Management Program. Although we agree that there are parcels of property owned by the federal government that should be sold, the underlying premise of "privatization" is one with which we strongly disagree, and which runs counter to the public land legislation of the last few decades. That premise, as it is reflected to varying degrees in all of the proposals, is that public property should be managed for its highest economic return.

Economic return cannot be used as the sole yardstick for measuring public benefit from federally owned property. Public benefit must be computed using a more complicated formula which considers other values, for what serves the public interest does not always provide the highest economic return. The public interest may at times be best served by using a particular parcel for a park, a hospital, or other use that may not be as economically attractive as private development.

Our most serious concern with the various privatization proposals is their potential effect on public lands under the jurisdiction of the Departments of the Interior and Agriculture. The revenue projections for the Real Property Management Program rely on significant sales from both the Bureau of Land Management and the U. S. Forest Service. S. Res. 231 by failing to exempt lands managed by those agencies, encourages the administration in this plan. We hope that any legislation developed by this Committee on this issue will offer express protection for the public lands from those who would use this process to effect their disposal, and will reaffirm the policy of retention and management of the public lands.

As noted earlier, there is property owned by the federal government that we can all agree is not in the public interest to retain. It is a matter of determining which kinds of properties should be reviewed for possible sale, and arriving at an acceptable process for deciding whether the given property should be retained, transferred to another federal, state or local agency for public benefit use, or sold. These are not simple determinations to make, and laws and regulations have been devised over the years to ensure that such determinations include consideration of the full range of public benefits from federally owned property. We would support improvement in the implementation of these processes, but we would oppose any legislation that would eliminate these safeguards or that would establish economic return as the primary criteria for evaluation.

We agree with the determination reflected in S. Res. 231 that lands managed by the National Park Service should not even be inventoried. We urge that all lands managed by the Departments of the Interior and Agriculture also be excluded from such an inventory.

This is not to say that there are no lands managed by the Bureau of [redacted] to make these determinations. It has been pointed out that these processes are cumbersome and slow, and need to be streamlined. The major reason that the process for disposing of public lands managed by these agencies is slow, is that it is necessary to go through an exercise of thoroughly evaluating the benefits of these lands, and to dispose of lands only where it can be demonstrated that it is not in the public interest to retain them. Such an evaluation is of necessity slow.

The issue of whether the bulk of the public lands managed by BLM should be retained or disposed of was the subject of years of debate. The culmination of this debate was a declaration of policy in the Federal Land Policy and Management Act of 1976 (FLPMA): that it was in the national interest to retain the public lands managed by the Bureau of Land Management. Recognizing that there were individual parcels that would be an exception to that policy, FLPMA established a procedure (Section 202) for identifying those parcels that should be disposed of. Last year, BLM sold some 200,000 acres of public lands through this process, with virtually no opposition from conservation groups.

Any significant acceleration of the sale of BLM lands would sacrifice the thorough evaluation that is called for in Section 202 of FLPMA, and would jeopardize the policy established by Congress in that Act of retaining the public lands, except for those parcels that through the land use planning process were determined not to serve the national interest in public ownership.

The "privatization" proposals also call for selling isolated and scattered tracts of National Forest lands. It is currently the practice of the Forest Service to use these isolated tracts as trading stock to obtain private inholdings within National Forest boundaries. It is surely preferable to arrange for such exchanges than for the Forest Service to have to buy these inholdings. We urge that, until the Forest Service has completed the process of consolidating its holdings, these valuable parcels not be disposed of.

The nation's public lands are a priceless national trust, and should not be lightly disposed of. They deserve the full consideration afforded by current disposal processes. We will vigorously oppose any significant acceleration of these processes.

President Reagan's FY 83 budget sets ambitious goals for revenues to be generated in the next five years through the sale of federal property, and estimates that 50% of those revenues will come from the sale of BLM and Forest Service lands. We find these goals extremely alarming, for it would be virtually impossible to raise some $9 billion from the sale of only those public lands that are truly not in the public interest to retain. Unfortunately, the very lands that would generate such funds are those that have valuable resources, and should be retained in the public trust and managed for public benefit.

The public lands that everyone agrees do not serve the national interest in public ownership are generally those with little or no resource value. They are usually scattered, isolated small tracts which cannot be managed by the agency. These lands may truly be called, "the lands no one wants", and as a result do not generally command high prices.

[redacted]

Public Lands Statistics

Fiscal Year	Number of Sales	Acres Sold	Receipts
1981	40	4,313.5	$2,868,087
1980	150	3,711.0	7,326,599
1979	82	1,638.8	6,480,499
1978	14	693.8	82,585
1977	26	1,270.6	284,964
1976	80	3,641.4	584,751
1975	60	4,736.5	233,438

This is not an indication that there is something drastically wrong with the land sales program, but an indication that there is little demand for the properties that the bureau should dispose of. In most cases, if it is not valuable for the public to retain, it is not particularly valuable to private interests. There are exceptions to this, examples where highly desirable land for private development is located next to expanding communities, and these parcels fetch an attractive price. It is, however, totally unrealistic to assume that these exceptions are the rule and to project that the sale of such lands could generate $9 billion dollars in the next 5 years, an increase of more than $8.8 billion from the previous seven years.

To demonstrate this point, let me quote from a January 10, 1982 letter to Mr. Steve Hanke, Council of Economic Advisors, from the Bureau of Land Management's Associate Director for Lands and Realty:

> "- Lack of Demand - Much of the public land sold in recent years is close to communities and needed for community expansion. Even with land in a desirable location, the demand is low. As an example, some 695 acres in 91 separate parcels were offered for sale near Las Vegas, Nevada, in September 1981. About 125 people attended the sale and 36 were registered to bid on the land. Only one parcel containing 2.5 acres sold. Minimum bid was set at $33,450 and the purchase price paid by the high bidder was $37,600."

This indicates that low demand is one of the primary impediments to an expanded land sale program within the bureau. To solve this problem by putting lands that are in the national interest to retain on the auction block is completely unacceptable. This is, however, an inherent danger in the unrealistic goals established in the Real Property Management Program.

[redacted] Interior and Agriculture. In summary, while we agree that there are lands within both of these departments that should be disposed of, and while we support existing legislative provisions which allow that necessary disposal, we would oppose any significant expansion or acceleration of land disposal within the Departments of the Interior and Agriculture.

There is mounting evidence that belies the administraion's assurances that the Real Property Management Program will not seek to sell significant quantities of public lands managed by Interior and Agriculture Department agencies. Most disturbing is the aura of secrecy surrounding the development of the program within the Bureau of Land Management.

Attached to this testimony for inclusion in the hearing record are two Instruction Memoranda from BLM Director Robert Burford to BLM State Directors, which not only outline the Bureau's "Asset Management Program" but also question the wisdom of the Congress in establishing the policy of retention of public lands in the Federal Land Policy and Management Act of 1976. These memos requested the state offices to supply estimates of land currently available for disposal and an estimate of how much more could be sold under a more agressive disposal program.

A third Intruction Memorandum prohibits the state offices from communicating with the public regarding the results of the inventory, and asserts that public participation will be sought after the program is formulated. Presumably, the information has been collected since April 21, but all efforts to determine from the bureau how much acreage is proposed have met with failure. According to the memo, the reason for this secrecy is concern that communicating this information to the public would "feed rumors". However, the vacuum of reliable information in combination with reports from senior advisor Steve Hanke, calling for sale of as much as 155 million acres of grazing lands seem far more likely to create an atmosphere of public mistrust and speculation.

The question has been posed to conservation groups, "For what classifications of lands do you support sale?". This is not a question that can be answered simply, because within each of the land classifications where we could generally support sale of property there are exceptions. For example, we generally agree that much of the land listed as surplus and excess by the GSA should be sold. But there are notable examples of GSA properties in virtually every state that have been transferred to state and local governments for park and recreation uses. Such transfers help to provide open space and recreation lands in parts of the country where the abundant public lands that are enjoyed in the West are not available, and are an appropriate disposition of these lands.

Similarly, excess Department of Defense lands have been transferred to states and local communities for parks -- for example, Discovery Park in Seattle and Anza Borrego State Park in California. We would argue that neither of these properties should have been sold. Rather, their transfer to the City of Seattle and the State of California, respectively, was the use most in the public interest.

[redacted] needed by another. A case in point would be the Matagorda Air Force Base. Although unneeded by the Air Force, this land makes an admirable addition to the existing Arancas National Wildlife Refuge, providing additional habitat for the endangered Whooping Crane. To sell this land for possible development would not be in the national interest. However, this is one of the properties in the surplus properties list attached to S. Res. 231.

These examples demonstrate that it is impossible to identify entire categories of lands that are unquestionably appropriate to sell. We are therefore left with the question of what criteria can be established within categories where some lands should be sold to make those specific determinations. As noted earlier, there is already a workable process in effect for BLM lands (Section 202 of FLPMA) and for National Forest lands (exchange).

Critics of the current land disposal system within GSA have cited examples to demonstrate that the process for selling GSA surplus properties has flaws and has, in the past, been abused. We agree that this process can be improved upon, and we will be happy to work with the Congress to seek an improved method for the disposal of surplus GSA and Department of Defense properties, but that method must provide assurance that the full range of public benefit will be assessed in determining how to dispose of surplus property. We would oppose any proposal that eliminates the opportunitiy for public benefit transfers where appropriate.

In summary, the Sierra Club's position on federal land sale proposals described in S. Res. 231 and the Real Property Management Program is as follows:

- We support the policy of retaining the public lands, and oppose any significant expansion of the current land disposal programs of the Forest Service or Bureau of Land Management.
- We support the sale of excess and surplus GSA properties, so long as the option of transfer to other state, local or federal agencies, when appropriate for park, recreation or other public benefit use is protected.

Finally, the Sierra Club recognizes that these are times of economic crisis, and that it is important to manage our assets in a prudent manner. We therefore urge this Committee to turn its attention to the current fiscal management of the public lands which provides subsidies to the commercial users at the taxpayers' expense. We believe that substantial additional revenues could be generated from the resources of the public lands if true, fair market value were charged for the extraction and use of federal forage, timber, minerals and oil and gas. We would be pleased to work with the Committee to achieve this goal.

IN REPLY REFER TO:
2710 (321)

United States Department of the Interior
BUREAU OF LAND MANAGEMENT
WASHINGTON, D.C. 20240

March 16, 1982

Instruction Memorandum 82-309
Expires 9/30/83

To: All SD's (except Alaska)

From: Director

Subject: Asset Management Program (E.O. 12348) FD 4/21/82

This memo is a follow up to the February 24, 1982, remarks made to you by Assistant Secretary Carruthers at the recent Bureau of Land Management (BLM) State Directors' meeting here in Washington.

The purpose of this memorandum is two fold. First (part one of the program), you are to determine the extent of an accelerated land sales program possible under FLPMA 203 disposal authority and existing land use plans; and you are to complete an analysis depicting those lands where National and State Director guidance in land tenure would result in identifying additional lands which should be in private ownership under current authorities. Second (part two of the program), you are to complete an analysis which will provide a basis for establishing meaningful disposal criteria which could be applied outside existing authorities. These data will also be utilized to make estimates of possible revenues as well as other policy decisions.

It is likely that this sale effort will be a program that will continue for a number of years. The requirements of this memo are not to include Federal Real Property under Bureau Manual Section 1532.364.

Regardless of land configuration patterns, there are certain lands with unique characteristics and national values which would not, under any circumstances, be identified as consideration for disposal. These would include, but are not necessarily limited to:

- Wilderness or Wilderness Study Areas.
- National Conservation Areas or Areas Recommended for NCA.
- Wild Scenic Rivers, Study Rivers or those recommended for study for inclusion.
- National or Historic Trails System.
- National or Research Natural Area.
- Areas designated or under study for designation for Cultural or National History.
- Areas of Critical Environmental Concern.
- Any other areas with Congressional designation.

Part One of the Program

This part will have two phases:

A. Identification and sale of lands already proposed for disposal having few, if any, conflicts.

B. A longer range program involving the systematic analysis of lands that probably should be in private ownership, and determination of long term management and transfer areas as a form of Land Tenure Policy.

Phase A:

We need from you, by April 21, an analysis and estimate, using the format shown in enclosure one. This is to be by district, and need not be accompanied by a map.

It should be your best preliminary estimate of lands that might be suitable for sale as the result of the Phase B delineation of management or transfer areas. (See paragraph below for further descriptions of Phase B.)

Phase B:

This phase will not be completed by April 21. It is the categorization of BLM administered public land areas for potential transfer and management. This concept is now being pilot tested in Oregon, California and Nevada; and we will be in further communication with you as soon as a draft is made.

Part Two of the Program

Your analysis for part two is also to be completed by April 21. We need an analysis and estimate, using the format on enclosure two, which categorizes all of the BLM administered land by value type. This analysis will be used by Department Policy Officers to consider criteria for identifying lands which could be sold as part of the President's Asset Management Program.

Note that the first category for this analysis is the transfer land identified in Phase A of Part One.

This entire topic will be discussed at the State Director's meeting in Denver, April 1. You should get started on the materials needed for the April 21, deadline so that you will be in a position to ask questions at the State Director's meeting. We will issue change memos as necessary to answer questions as they arise.

Washington Office contact on this program will be Rolla Chandler (343-6756), with Bill Krech (343-8693), as backup.

James W Parker
Associate Director

3 Enclosures:
- Encl. 1 - Format for Part One - Phase A
- Encl. 2 - Format for Part Two
- Encl. 3 - E.O. 12348

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
WASHINGTON, D.C. 20240

2700 (320)

ROOM
APR 1 12 56 PM '82
STATE
SANTA FE, N. MEX.

March 26, 1982

1 SD
1 ASD
IC
EEO
2 PAS
SJEPS
3 ADMIN
Op
4 Res
RAFCS [redacted]
5 CF

4/7/82
MC

Instruction Memorandum No. 82-309, Change 1
Expires 9/30/83

To: All SD's except Alaska

[redacted]

Subject: Asset Management Program - Development of Land Tenure Policy

FD 4/16/82

By IM 82-309 dated March 16, 1982, we introduced you to the government wide asset management program, as being implemented in Interior. We also indicated an intent to develop a BLM land tenure policy.

By this change memo, we provide further information on the land tenure policy idea (see enclosure 1) and ask for your comment on that idea by April 16. We also enclose a composite schedule showing near term critical dates for the several parts of this overall program (enclosure 2).

The land tenure policy idea was introduced as Phase B of Part One of the program (see pp. 2 of IM 82-309). Our idea involves the catagorization of BLM-administered land into two types of management areas and a transfer area. The defined areas, and resulting statement of desired land tenure for each, would be the Bureau's land tenure policy.

Some background material and draft criteria for delineating these areas are attached as enclosure 1. Oregon, California, and Nevada, are using these draft criteria to prepare example draft maps showing how the criteria would work in their States. Montana has prepared an example based on some independent analysis they have conducted over the past several months. These maps and supporting material will be available for your review at the State Directors meeting and a discussion is scheduled for this topic on Thursday, April 1.

If the Bureau were to undertake the development of land tenure policy in this form, we currently feel that it should be a two step effort:

1 - Development and coordination of draft maps for all States, showing a first cut proposal for the areas.

2 - Review and coordination of the area boundaries by each SD, with concerned publics and Federal, State and local government units, followed by official adoption of the area as national and State Director guidance under provisions of 43 CFR 1601.

Please review the enclosed material, consider the discussion at the State Directors meeting (along with the posted maps) and then submit to the Director (321) by COB April 16, your comments on:

1 - The concept of a land tenure policy in the form of defined management and transfer areas, and

2 - The draft criteria in enclosure 1, as illustrated by the Oregon, Nevada and California examples.

The transfer area part of the land tenure policy idea is a major linkage to the asset management program. Note that the transfer areas would be areas where BLM's long-term land tenure policy would be to get out of business. Some of these lands may have high public values proper for management by other Federal agencies, local or State governments. The transfer area acreage and value estimate to be placed on enclosure 1 of IM 82-309 is for only the portion of potential transfer areas which you think are potentially appropriate for sale, and which could be sold as part of the asset management program.

Enclosure 2 to this instruction memo is a composite which shows the relationship between the asset management features and land tenure policy development aspects of this overall program, along with key dates.

Please telephone questions you have about this entire subject to Bill Krech (343-8693) or Rolla E. Chandler (343-6756) as soon as they are encountered so Bureau-wide clarification can be furnished as soon as possible.

Assistant Director, Land Resources

2 Enclosures:
Encl. 1 - Land Tenure Policy (Draft)
Encl. 2 - Asset Management Program - Land Tenure Policy Development

Land Tenure Policy

(Identification of management and transfer areas)

[redacted]

I. Purpose of This Paper

The purpose of this paper is to outline a proposed categorization of BLM-administered public land into management and transfer areas, as a form of BLM policy. The paper includes relevant background, and a summary of how the categorization could be accomplished.

[redacted]

The uncertain tenure and the existing pattern of BLM-administered public lands have always been a problem.

From the passage of the Taylor Grazing Act in 1934, to the enactment of FLPMA in 1976, the lands were managed "pending their final disposition," according to provisions of the TGA. While it was generally assumed that the lands were becoming so intertwined with public needs and local economies of the west that any sort of massive disposition was unlikely, the TGA language left the public and BLM with a feeling of uncertainty over the tenure of the public lands.

The Public Land Law Review Commission recommended that these lands generally stay in public ownership. The policy section (102) of FLPMA says that the lands should be retained in Federal ownership, unless as a result of land use planning under the Act it is determined that disposal of a particular parcel will serve the national interest. This land tenure policy, totally opposite from that expressed in the TGA, may have been too wide a pendulum swing, judging from the Sagebrush Rebellion reaction during the late 1970s. Also, the operating sections of FLPMA contain many disposal authorizations which seem to counter the almost total retention philosophy expressed in Section 102. ?

In addition to the land tenure uncertainty, the land pattern itself has been a management challenge for BLM. The current land pattern was not planned--it is a result of many historical actions. The land base ranges from large, well blocked areas similar to national forests, through areas of 30 to 60 percent public lands where no single landowner dominates, to areas of widely scattered parcels which are clearly uneconomic and difficult for BLM to manage with anything beyond minimal custodial Administration. Consequently, any pronoucements of BLM policy or program must be very general and then require significant adaptation by local managers. Therefore, it is very difficult to get a sharp sense of the Bureau's national mission regarding public land management.

Having touched both ends of the land tenure pendulum swing over the past 10-15 years, there now seems to be a swell of interest in doing something to improve and/or rationalize the public land pattern (and often State government land patterns also). One dramatic proposal is the project BOLD exchange in Utah. The developing government-wide Asset Management Program indicates a potential for sale of significant public land acreage. A

DRAFT

Encl. 1-1

supporting reason for improving (or rationalizing) the land pattern is the pressing need [redacted] better define and prioritize public land management needs. And finally, given the exposure the public has now had to both extremes of land tenure policy options, there may be a latent consensus ready to build around a reasonable land tenure compromise.

This issue paper sets forth an idea--a proposed means for dealing with the historic land tenure issue, for generating a public consensus on how [redacted] in the framework of FLPMA and other relevant legislation.

III. Proposal

A. General

The proposal is to make a nationwide and publicly announced categorization of the public lands into three major classes. The areas involved would initially be determined in a "broad brush" sense, over a 1-year period, as a form of Director and State Director guidance under the provision of 43 CFR 1601. Later, the boundaries would be fine tuned and made binding through land use plan amendment or preparation and/or legislative action. National land management policies could then be more sharply defined for each category and guidelines associated with each category would be the basis for appropriate land pattern improvement (sale/exchange/transfer to other government units).

B. Proposed Categories

The proposed categories use public lands patterns as an initial criterion, which is useful given the differing mission suggested for each category. Actual delineation of the areas would be based on State and local government opinion, and any other relevant factors, as well as land pattern. If the Director decides to implement this proposal, a critical first step would be refinement of the concept for each category and development of appropriate standards and criteria for area delineation. The proposed categories are as follows:

1. National System Areas

BLM lands generally constitute 60-100 precent of the surface land ownership, similar to the land patterns found in national forests. The public lands are available for and can support a full range of multiple uses. They are considered to be in permanent public ownership (with small exceptions where needed). BLM's mission is active multiple use management, guided by land use plans. Names and boundaries comparable to national forests could be used, and some sort of legislative designation might be appropriate--perhaps "National Rangelands," or "National Conservation Areas." BLM would be interested in receiving lands offered in exchange in these area

DRAF.

2. Further Study Areas

BLM lands [redacted] ownership, [redacted] the checkerboard areas. The public lands are available for those multiple uses which can be accommodated in coordination with the intermingled private and State owned lands. No single landowner dominates the land use decisionmaking process, when interrelationships between the intermingled lands are involved. BLM's near-term strategy in these areas would emphasize working out cooperative planning and management arrangements with the other [redacted] Many such arrangements are already in place. Over the longer term, BLM would continue to study these areas, leading to more permanent land tenure decisions. This may include long term cooperative management, exchanges to consolidate land patterns when such consolidation would improve manageability of areas with public values, and sale when no public values are involved. Over time, appropriate portions of the further study areas may be added to transfer or national system areas.

3. Transfer Areas

BLM lands are either around expanding communities and available for community expansion, or are so fragmented into small parcels that they cannot be effectively managed on a multiple use basis, or could be more efficiently managed by another Federal agency. BLM's mission would be to get out of surface management business in these areas, through transfer to other appropriate local, State, or Federal governments or to private ownership, depending on characteristics and public values inherent in the land.

C. Policy Vehicle and its Effects

The national system and transfer areas would be initially delineated as a form of National and State Director guidance under provisions of the Departmental Planning Regulations (43 CFR 1601.1-1).

As such:

1. The area boundaries would be "broad brush," and not precise.

2. Public participation and local/State/Federal Government coordination would be required in their development. Consistency with local and State government plans would be attempted.

3. The policy would not be inviolate. In any individual realty or land management action the policy would be followed unless an alternative is clearly preferable under the circumstances. NEPA compliance would be achieved when individual implementing actions are considered.

4. As land use plans are revised or prepared, they would fine tune and formally establish the area boundaries, thereby fully implementing the policy.

5. There may be interest in proposing Congressional adoption and naming of the National System areas.

IN REPLY REFER TO:
2700 (130)

United States Department of the Interior
BUREAU OF LAND MANAGEMENT
WASHINGTON, D.C. 20240

Instruction Memorandum No. 82-
Expires 9/30/82

APR 27 1982

To: [redacted]

From: Director

Subject: Asset Management Information and Guidance

The Administration's asset management program, involving potential sales of some Federal lands, has begun to draw intense attention from the news media and some elements of the public. Curiosity about its impacts is only to be expected. We need to be exceptionally sensitive to several key points about the inventory now underway and the program as it evolves:

1. The fact-gathering part of the process has only begun;
2. Some policy questions are unresolved and will require more analysis and much more decision-making;
3. Public participation will be actively invited after some tentative formulations are reached; and,
4. The Secretary's "Good Neighbor" policy continues while the asset management program undergoes refinement.

Enclosed is a statement covering these points. Please use it to respond to all public and media inquiries. The data contained in the current inventory must be treated as internal information at this stage of the overall process. In effect, it is essentially raw data, and wide dissemination now would only tend to feed rumors or create premature judgment before careful analysis can be done.

Accordingly, this is to urge that you and your field office people confine your media and public comments to the enclosed statement. If you find it necessary to refer a reporter's request for information, the query should be directed to WO, James W. (Tim) Monroe, Chief, Office of Public Affairs, WO, (202) 343-9435.

Please advise your headquarters and field office staffs not to speculate on the outcome of the inventory, or venture personal opinions on the program while it is in this early formative stage. The Bureau, as part of the Department of the Interior supports the Administration's policy. Speculation about specifics or future determinations would be both unwise and counterproductive. Be assured that the public participation phase of this process will embrace a sincere, energetic effort to ascertain everyone's views in an appropriate and timely manner.

Robert F. Burford

Enclosure
Encl. 1 - Statement on Excess Land Sales

Senator **Warner**. Thank you. Mr. Tindall, counsel will take over. I have to be with the majority leader at 1 o'clock. Counsel, however, will receive your testimony for the record. I thank this panel for their contribution. I apologize for the brevity. Thank you.

STATEMENT OF BARRY S. TINDALL, DIRECTOR, PUBLIC AFFAIRS, NATIONAL RECREATION AND PARKS ASSOCIATION

Mr. **Tindall**. Thank you. I shall address myself to the honorable counsel of this committee. There are various issues that National Recreation and Park Association and many of our allies are concerned with in this move to increase revenues, in some respects to privatize certain resources, and in still other respects, and generally not continue the intergovernmental initiatives that came out of this committee and your colleagues over in the House side in 1971.

That is the period when Congress approved Public Law 91-485, which recognized one of the basic tenets, one of the basic findings of the Outdoor Recreation Resource Review Commission that money alone would not solve the recreation problems that we found ourselves in at that time in our country and, in fact, continue to find ourselves in today.

They recognized that the transfer of surplus Federal properties had in certain instances tremendous public park and recreation values and passed a Federal statute as statement of policy that authorized totally discounted transfers for public park and recreation purposes.

Despite what Senator Wallop said earlier about his not having seen any documents or recommendations that transfer cease for public park and recreation purposes or documents that precisely stated that the administration wants to rid itself of major portions of the Western public lands, if you will, I think, in fact, those documents do exist.

We are aware that there are internal working documents, more than working documents, frankly, between the General Services Administration and other Cabinet level agencies, including Health and Human Services, which precisely say that only in the rarest instances will any properties be transferred for a wide range of public purposes, one of which happens to be park and recreation objectives.

So I think there is a gap, there is an information gap. There is a political gap, there is a management gap between what the administration has proposed publicly and what is in fact happening internally. To the best of my knowledge there had been zero reviews of potential park sites, State and local park sites that have come from GSA to the Interior Department which has a legal review function here.

No reviews have come in to what is now a function of the National Park Service since the Executive order, February 25 or 26, whatever the date was. So in effect that program, the will of Congress and public law, has been thwarted.

I would encourage this committee to seek that internal communication, those communication pieces so it might be apprised of what is and is not happening. Another matter that I should call to your attention is the lack of monitoring and management staff to administer this program.

Since early this year, different people have held up flagrant examples of mismanagement, misuse, nonrecreation uses, total disregard of the conditions under which property has been transferred allegedly for park and recreation purposes. Clearly, there are those types of examples out there.

At the same time the majority of the properties that have been transferred have been used for the purposes that were required and were described in the transfer process. We have prepared and I will submit for the record a list of several examples of how these properties are being used for public park and recreation purposes.

More importantly, there are examples of discounted conveyances in urban places that show tremendous private sector investment and investments, one 5-acre conveyance in south Miami has resulted in $1.3 million of private sector investment. The point is the administration and others associated with them have failed to grasp the full potential of discounted conveyance for public park and recreation systems and we suggest they are extremely significant.

Let me conclude at this point, Mr. Chairman, Honorable Counsel, let me cite one other thing, I think we have only begun to scratch the surface of the true public cost of an accelerated property transfer program. We are just talking GSA properties at this point.

Clearly, those who invest in real estate have other opportunities to make money and much of that profitmaking scenario involves a further subsidy, if you will, from the National Government. For instance, while we are not tax experts, we are sufficiently versed in the tax reform amendments of 1981 to realize that if you have developed property over about a 15-year period under that statute and other Internal Revenue Service programs, you can, in fact, write off in accelerated fashion the value of that property.

The American taxpayer is paying for that writeoff, just as much as they would be paying for a discounted conveyance to a public agency.

So having made those points and my statement, we will submit for the record the examples of conveyances that I mentioned. I would also like to submit for the record the Interior Department's response to the General Accounting Office's 1978 report, which differs substantially from GAO's observation that we have widespread, flagrant uses of transfer of properties.

Only in one instance has Interior found the violations to be so significant that the National Government should, in fact, reclaim the property, and I would submit that for the record as well.

[The prepared statement of Mr. Tindall follows:]

STATEMENT OF
NATIONAL RECREATION AND PARK ASSOCIATION
BEFORE
COMMITTEE ON ENERGY AND NATURAL RESOURCES
U.S. SENATE
FEDERAL REAL PROPERTY MANAGEMENT AND DISPOSAL ISSUES
MAY 18, 1982

Mr. Chairman and members of the committee, I am Barry S. Tindall, director of Public Affairs for the National Recreation and Park Association. We appreciate the opportunity to express our views on Federal real property management and on various proposals to accelerate the disposal of such property for revenue development purposes. We are especially concerned with the probable impact of such proposals on the availability of surplus federal real property for public uses, such as public parks and recreation. Our testimony focuses principally on federal real property disposal programs administered by the General Services Administration pursuant to Section 203(k) (2) of the Federal Property and Administrative Services Act 1949 as amended (40 USC 484 (k) (2)), rather than lands and land transfer programs administered by the Bureau of Land Management under the Federal Land Policy and Management Act and other Federal agencies under a wide range of natural resource statutes and regulations.

The National Recreation and Park Association is a national not-for-profit organization engaged in a wide range of research, education, policy and program assessments in the area of parks and recreation. Our members perform an array of civic, professional and technical functions to meet America's diverse recreation demands. For the most part, our members are associated with public recreation and park systems.

The Association welcomes and supports a continuing inventory of federal real property which determines the incidence of surplus federal real property, its fair market value, and potential public and private uses in a systematic fashion. This identification and transfer/sale process must be orderly, objective and based on sound planning and marketing principles. In many instances the framework already exists within the states and localities for a systematic approach to intergovernmental real property management strategies. Existing land use planning tools, such as the Statewide Comprehensive Outdoor Recreation Plan required by the Land and Water Conservation Fund Act, and similar state and local plans must play an integral part under the present/or any modified federal property disposal program. We urge this Committee and the President's Property Review Board to fully consider the potential impact of an accelerated surplus federal real property disposal program on local zoning and statewide comprehensive planning efforts.

We agree with many other individuals and organisations that the current surplus property disposal system places too much discretion in the hands of the General Services Administration. One result has been fewer surplus parcels available for alternative public uses, including public recreation and parks. In addition, these conveyances appear to take a much longer period of time than might be reasonable, at a greater cost to the parties involved. Streamlining the rather arduous and sometimes arbitrary GSA disposal process should reduce federal costs for maintaining idle parcels and reduce the uncertainty which often surrounds the fate of property administered by GSA.

Having expressed our general support for better management of federal real property assets and more efficient processes to dispose of appropriate surplus parcels, we caution against an overly simplistic assets/ liability balance sheet approach to the proposed disposal program.

A Full Accounting of Long-Term Public Costs and Benefits

One objective of H.Res. 265 and S. Res. 231 is to accelerate the movement of federal real property from the public to the private sector. The language of these resolutions and testimony by the Administration presumes that the accelerated sale of federal real property to the private sector creates increased revenues for the national treasury. Fundamental differences between the private sector and the federal government, however, must not be ignored. Under the existing laws, public-private land transfers may ultimately result in significantly different impacts on the national treasury than implied in the resolutions and the Administration's proposals.

Under the Economic Recovery Tax Act, P.L. 97-34, private land speculators, rather than the American taxpayers, may be more likely to reap the significant benefits of an accelerated federal property disposal program on certain types of surplus property. We do not make this statement as tax experts but rather to suggest to the committee that it examine fully the relationship between the proposed disposal program and existing tax policy. As we understand it, a private developer purchasing surplus federal property during current market conditions would be able to "write-off" the entire purchase price of buildings and fixtures over a period of fifteen years. Thus, in the long run, the federal government would not necessarily realize the entire purchase price paid by private interests for tracts containing such structures. In addition, the developer or speculator who purchases surplus real property at the lower rates in the currently depressed real estate market would be able to reap a substantial profit when economic conditions become more favorable. In the interim, the investment would have been subsidized by the American taxpayer through an accelerated cost recovery system. Also, the tax paid on the purchaser's profit would be subject to more liberal capital gains treatment rather than being taxed as ordinary income. The disposal program must, therefore, take into account existing market conditions and potential tax "loopholes" which may reduce the projected return to the federal government. Otherwise, we may find that benefits are accruing to private land developers and speculators to the detriment of the national treasury.

The Congress, the Administration, and particularly the President's Property Review Board must therefore seriously consider the impact of federal tax policy and market conditions upon federal real property sales. Once private sales are evaluated in light of existing tax policy and market conditions, public benefit transfers to state and local governments for parks, recreation or other public purposes can be viewed more objectively. Despite the Administration's proposal to eliminate discount conveyances for public benefit uses, we would suggest that such transfers may in some cases enhance the marketability of surrounding parcels. Public benefit uses should, therefore, play an integral role in a comprehensive marketing strategy.

Current Law and National Benefits

In establishing the Federal Property Review Board, the President has directed the Administrator of the General Services Administration, in consultation with the Board, to "make such real property available for its most beneficial use under such various laws of the United States affecting such property." One of these laws is P.L. 91-485 (40 USC 484 (k)(2)) which allows property to be transferred to the States and to local governments for public park or public recreation purposes.

The intent of Congress in passing this law can be gleaned from the legislative history of P.L. 91-485.

According to the House Committee on Interior and Insular Affairs, transferring suitable surplus federal property to states and localities for park and recreation programs furthers "the program objectives of the Land and Water Conservation Fund Act." The committee noted that "the national need for increased recreation opportunities cannot be met effectively with money alone." As a result, the committee determined that land "uniquely suited for recreation" should be devoted to that use when it becomes available. In explaining its rationale for allowing transfers for parks and recreation purposes, the committee noted that existing surplus property law provided cost-free public benefit transfers for airports, wildlife conservation, health and education purposes. While a 50% public benefit discount for the park and recreation purposes was available at the time, the committee said, "this discount...is not sufficient where the monetary value of lands for other purposes is substantial." Then Secretary of the Interior

Walter T. Hickel reiterated this point in his departmental report to the House committee on the proposed legislation. "We recognize that escalating land values, particularly in urban areas, have often precluded financially pressed State and local governments from obtaining the benefits of the existing 50 percent discount on acquisition of surplus Federal property suitable for park and recreational uses...(S)ubstantially cheaper - if not free - means of making such acquisitions...should significantly accelerate the development of sorely needed recreation opportunities in urban areas."

Providing legislation to allow surplus federal land transfers to states and localities at full discount for public park and recreation purposes implemented an earlier recommendation made by the Outdoor Recreation Resources Review Commission in 1962. The commission's reports recognized "the intangible value which attaches to public outdoor recreation - a value which cannot be measured in monetary terms or comparative appraisals." In adopting the ORRRC recommendation regarding surplus federal property, the House committee intended to supplement the Secretary of the Interior's authority to make monetary grants, thus enlarging the scope of the program authorized by the LWCF Act. The committee, however, emphasized that such supplementary power for the Interior secretary was not intended to "diminish the discretionary authority of the Administrator of General Services with respect to the disposition of excess or surplus Federal lands." According to the House report, the GSA administrator "retains the authority to determine whether or not a particular tract of excess land should be used for park and recreation purposes."

Under P.L. 91-485, the Secretary of the Interior may sell or lease surplus real property for public park and recreation purposes. Nothing in the present law requires the Secretary to give the property away.

In fixing the sale or lease value, however, the Secretary is to take into consideration any benefit which has accrued or may accrue to the United States from the use of such property for park and recreation purposes. In our view, one significant benefit which accrues to the United States includes the overall enhancement of the national recreation estate. These conveyances for public park and recreation purposes at the state and local level may reduce the demand pressures placed upon existing federal facilities. Additionally, the ultimate cost to the national treasury of transferring one acre of surplus federal land for State or local park purposes is usually lower than acquiring one acre for a federal park or similar facility. While both parcels provide public park and recreation opportunities, only federal acquisition and management carry the national costs of operation and maintenance in perpetuity. It is interesting to note that existing State and local parks must be donated to the national government if that park is within a newly authorized Federal area.

In offering surplus real property for disposal, the program should also consider the means by which the federal government originally acquired title to the property. Many existing surplus federal properties, particularly Department of Defense installations, were originally administered by State or local governments. If not in public ownership, most parcels were, as a minimum, providing property taxes to a local treasury. Federal acquisition through condemnation proceedings oftentimes resulted in a court award which did not necessarily equal the loss of public benefits accruing to States and localities through such parcels.

Congress expressed further interest in the potential recreation and park benefits of Federal real property in Sec. 303(c) of the National Parks and Recreation Act of 1978 (P.L. 95-625). The Congress said:

> It is the established policy of Congress that wilderness, wildlife conservation, and park and recreation values of real property owned by the United States be conserved, enhanced, and developed. It is further declared to be the policy of Congress that unutilized, under utilized, or excess Federal real property be timely studied as to suitability for wilderness, wildlife conservation, or park and recreation purposes. To implement this policy, the Secretary, the Administrator of General Services, and the Director of the Office of Management and Budget shall establish a system with appropriate procedures to permit the Secretary full and early opportunity to make such studies and propose appropriate recommendations to disposing agencies for consideration in connection with determinations of further utilization or disposal of property under existing law. Each affected executive agency is authorized and directed to provide to the Secretary such advice and information relating to such studies as the Secretary may request.

The Administration's decision to require the Department of the Interior, for example, to provide 100 percent of fair market value for potential park and refuge lands excessed by other agencies seems contrary to sound resource use, established executive and congressional policy, and fiscal reality.

An Overview of the Transfer Program

Statistically, Department of the Interior reports indicate that since 1970 (the beginning of President Nixon's "Legacy of Parks" program), to the present, 884 surplus federal properties with an estimated fair market value of $381,700,000 have been transferred to State and local governments for park and recreation purposes. It is our understanding that those properties transferred and monitored by the Department of the Interior are in substantial compliance with the conditions required in the transfer process. The subcommittee should be aware, however, that the abolition of the Heritage Conservation and Recreation Service last year, and subsequent heavy staff reductions in "recreation" programs transferred to the National Park Service, could seriously compromise the government's ability to effectively work with State and local governments.

For the most part the properties in question are not the "crown jewels" of federal real property. They are usually outmoded, undermaintained, out-of-place properties truly excess to the national government's needs. They usually cost the national government substantial resources to retain them. Thus, the more efficiently they can be disposed of for appropriate uses the more rapidly federal carrying costs can be reduced.

The property transfer program also involves surplus properties that should be maintained in their present form for recreational, ecological, historical, cultural, or other public values. The question then becomes what is the level of significance of the property -- national, state, or local -- and who will agree to rehabilitate, maintain and operate the facility. Reasonable people will generally agree that it is not prudent for the Federal government to retain property lacking in national significance or purpose. Having outlived their usefulness on the federal level, many such properties -- military forts, lighthouses and other facilities -- have become valued components of state, regional and local park systems, with a non-Federal governmental entity paying the long-term operation and maintenance costs.

State and local governments usually accept a substantial financial commitment when they apply for and receive a surplus federal property. It is, therefore, not correct to suggest that non-federal interests are getting "something for nothing." In most instances the conversion from, say, a surplus Nike missile site to a usable public recreation and park facility (or other public facility) is a costly process. Long-term operation and maintenance costs incurred by states and localities add significantly to the financial obligation in such transactions. Knowing and accepting these long-term costs indicate that the overwhelming majority of state and local park authorities are very cautious about assuming the responsibility for surplus parcels. Clearly there have been exceptions, but we suggest that they are infrequent. With economic constraints affecting all levels of government, it is unlikely that states and localities would pursue any federal property transfers not meeting an immediate or clearly foreseeable public need.

We also suggest that the proposed Federal property transfer program take a more comprehensive view of the revenue generation potential for the national government, other governments and the economy in general. We refer specifically to the clearly demonstrated positive economic impact of public parks and recreation sites. In our preparation for this hearing we learned of several Federal surplus properties, which were ultimately transferred, that have contributed significantly to major economic investments by the private sector. These economic benefits are frequently expressed through enhancement of contiguous properties. In some instances the contiguous property is surplus Federal property.

For example, the State of Pennsylvania has provided funding and scheduled development of a marina on part of the former Frankford Arsenal in Philadelphia. When completed it will be one of the largest marinas on the Delaware River. In addition to providing needed recreation opportunities for urban Philadelphia, this public benefit conveyance is expected to enhance the marketability of the remaining federal acreage in the Frankford Arsenal complex. In a similar situation, a surplus Federal property in South Miami, transferred for public recreation purposes, is the focal point and catalyst for a major urban restoration project. Most of the funding is expected from private sources.

We will provide additional information on specific situations for the hearing record. Attachment 1 is a sample (for the State of Illinois) of the type of property involved in discounted sales for parks and recreation.

The Land and Water Conservation Fund

During earlier hearings on S. Res. 231, reference was made to the Land and Water Conservation Fund, with some indication that the assignment of surplus Federal real property sale receipts to the LWCF account may have inhibited the transfer program. We question the impact of the Fund on the administration of the federal surplus real property program or the overall fiscal impact on the national treasury.

Under the authority of the Land and Water Conservation Fund Act, as amended, the receipts from the sale of surplus real federal property are credited to the Land and Water Conservation Fund account. From fiscal year 1965 through fiscal 1980 a total of $708,402,000 has been credited to the Fund. Fiscal 1981 and 1982 estimates would add $192,007,000 to the LWCF account. The total amount equals slightly over 12 percent of all fiscal resources credited to the LWCF account. These particular receipts remain credited to the Fund for three fiscal years, after which time they revert to the general revenue of the U.S. Treasury. In the appropriations process the Federal government does not distinguish between "source" of LWCF resources and ultimate recipient -- state or Federal. The full implementation of the Administration's proposals would require an amendment to the Land and Water Conservation Fund Act.

The issues raised by the pending proposals are complex and relate to numerous other publis issues. Not the least of these are our national needs for a wide range of recreation experiences. We hope our views will be useful to the Committee as it continues its deliberations.

We would be pleased to respond to questions.

Thank you.

Mr. Ellsworth. Without objection, the materials you submit will be made part of the record.

Do any other members of the panel have any additional observations or comments they wish to make at this time? If not, on behalf of the two subcommittee chairman, thank you for your patience and we appreciate your waiting.

The committee is adjourned, subject to the call of the Chair.

[Whereupon, at 1 p.m., the hearing was adjourned, subject to the call of the Chair.]

APPENDIX

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

Public Lands Institute
1725 I STREET, N.W.
SUITE 600
WASHINGTON, D.C. 20006
202 223-8210

New York Office
122 EAST 42ND STREET
NEW YORK, N.Y. 10168
[illegible] 949-0049

Western Offices
1657 PENNSYLVANIA
DENVER, CO 80203

25 KEARNEY STREET
SAN FRANCISCO, CA 94108
415 421-6561

Statement by Charles H. Callison, Public Lands Institute of the Natural Resources Defense Council, on the Administration's Land Sale (asset management) Program.

To Senate Committee on Energy and Natural Resources

May 18, 1982

Mr. Chairman and members of the Subcommittee, my name is Charles H. Callison. I am the founder of the Public Lands Institute (PLI), which was incorporated in Colorado and established with headquarters in Denver in February, 1978, a national, non-profit organization to work for good management of government-owned lands -- lands owned by the people of the United States. Last June our Board of Directors voted to merge our membership, assets and operations with the Natural Resources Defense Council (NRDC). The merger has been effected, and we now operate as a division of NRDC with offices in Washington, D.C., New York, Denver and San Francisco.

I commend the distinguished Chairman and members of this Committee for calling an oversight hearing on the ill-considered action by the Administration in plunging hastily into preliminaries of a large-scale disposal of federal lands. The purpose, ostensibly, is to substitute land sales for taxes as a revenue measure. I'm sure this has been the thinking of the Office of Management and Budget, confronted as it is - and panicky - by a deficit escalating to horrible heights and by the President's determination not to raise taxes.

Mr. Chairman, this Committee has more knowledge of the public lands and the laws governing them than any other body of Congress except perhaps your counterpart committee in the House. Unfortunately a Senate Resolution (S.Res. 231) that sought to express a blanket and uncritical endorsement of the land sale program wound up in another committee where it does not belong, and whose members, with one outstanding exception, have little experience or background

Public Lands Institute is a Division of Natural Resources Defense Council, Inc.

(over)

in public land matters. The outstanding exception is Senator Jackson, the ranking minority member of this Committee. If S.Res.231 comes out of the Committee on Governmental Affairs as half-baked as it was introduced, I urge this Committee promptly to claim its rightful jurisdiction over it, and straighten it out if indeed it needs to be passed at all.

The Administration's land-sale program--"asset management," they call it--was ram-rodded by a Presidential Order with a single-mindedness that ignores the broad public interest in the lands owned by the whole public, and that seemed to brush aside the whole body of law created carefully by the Congress to direct and govern the Administration of the public lands. Among the laws they presume to brush aside are the Federal Land Policy and Management Act; the Land and Water Conservation Fund Act; Public Law 91-485, the "public purposes and recreation act; and the laws governing the administration of the National Forests and National Wildlife Refuges. The Public Lands Institute and the Natural Resources Defense Council are opposed to the tampering with these important laws, and respectfully we urge this Committee to see that they are not flouted, or skirted, by the Administration in its over-eagerness to turn the public lands into quick cash.

Although members of this Committee understand the public values and public uses of the different systems of federal lands, I wish for the record to explain them.

The public lands, which now total approximately 716 million acres -- not the exaggerated 775 million acres proclaimed by the Wall Street Journal in an editorial January 25, 1982 -- include in addition to the National Park System 187 million acres in the National Forests. Many Americans, among them some politicians who are not keen on history, have forgotten why the great National Forests in the Midwest, South and East were established later, under authorization by Congress, mostly through the acquisition of cut-over, burned-over, and abandoned lands. There were two proposed purposes for which the National Forests were established: (1) watershed protection, and (2) to assure for the nation a continuous supply of timber through sustained-yield management. Those two reasons were re-stated, over and over, in Presidential withdrawal orders during the administration of Grover Cleveland, in the vigorous conservation actions of Theodore Roosevelt, and in policy declarations by Congress.

Watershed Protection remains critical in the West, where the National Forests lie like a mantle over the high mountain slopes and catch the snow and the rainfall that feed the rivers and reservoirs that sustain the cities and make agriculture possible in the irrigated valleys. The forests catch the snow and release it gradually from the shaded slopes in spring and early summer -- so gradually that floods are prevented, soil-erosion is prevented, and the reservoirs are not quickly destroyed by siltation.

Watershed protection is truly a national purpose benefitting all Americans. The rivers whose sources are protected are truly national rivers. They include, among others, the Columbia and the Sacramento, the Colorado, the Rio Grande, the Missouri, the Arkansas and the Platte-- these and their major and minor tributaries.

The importance of the National Forests as a source of wood products now and in the future is attested to by the perennial clamor of the timber industry for relaxation of the allowable cut. But the harvest must be based on growth -- that is the principle of "sustained yield." Further it must be regulated to protect and enhance the other important public uses of the National Forests -- the uses that have been recognized by Congress in the Multiple Use-Sustained Yield Act of 1960 -- and in subsequent legislation. Those uses and public values include public recreation, fish and wildlife conservation, wilderness preservation, and the orderly development of mineral and energy resources.

Almost as many people go into the National Forests for recreation as visit the National Parks. They include hunters and anglers, campers, hikers, skiers, bird watchers, nature photographers and others. Their visiting days totaled 235 million in Fiscal Year 1981, according to Forest Service statistics. The National Park Service -- which counts "recreational visits" whether a person stays one hour or one week -- figured it hosted 327 million such visits in 1981.

This public purpose could not and would not be protected should the National Forests be sold -- or given away, as the timber industry would prefer.

In addition to the National Park System and the National Forests, the federal lands also include the National Wildlife Refuge System, which totals 88,766,000 acres. The Refuge System includes great areas in Alaska that were transferred from the public domain by Act of Congress little over one year ago. The purpose of the National Wildlife Refuges -- so stated by Act of Congress-- is the preservation of America's heritage of wildlife resources, particularly those migratory species that cannot be effectively managed on a state-by-state basis. Many of the migratory bird refuges, Mr. Chairman, were acquired with funds paid by duck and goose hunters through the purchase of the annual, federal, migratory bird hunting license (commonly known as "The Duck Stamp").

The federal lands also include the areas under the Bureau of Land Management (BLM). National policy with respect to the BLM lands was established by Congress in 1976 when it passed the Federal Land Policy and Management Act. FLPMA came out of this Committee, Mr. Chairman, with strong bi-partisan support. You were among the supporters. It passed the Senate virtually unopposed. That landmark conservation law said, first, "Congress declares that it is the policy of the United States that -- (1) the public lands be retained in federal ownership, unless as a result of the land use planning procedure provided for in this Act, it is determined that disposal of a particular parcel will serve the national interest." As a further declaration of policy, Congress said that "(8) the public lands [shall] be managed in a manner that will protect the quality of scientific, scenic, historical, ecological, environmental, air and atmospheric, water resource, and archaeological values; that, where appropriate, will preserve and protect certain public lands in their natural condition; that will provide food and habitat for fish and wildlife and domestic animals; and that will provide for outdoor recreation and human occupancy and use."

The Bureau of Land Management (BLM) presently administers about 328 million acres, mostly in the eleven contiguous Western states and Alaska, but after land transfers directed by Congress are completed, BLM will have some 253 million acres to take care of.

In reciting acreages of federal lands, members of Congress have a way of forgetting that in the Alaska Statehood Act they voted to give the new state 104 million acres of Federal lands. This Statehood grant-- more land than the entire area of California -- is progressing with State selections and surveys; as of this date 22 million acres have been patented to Alaska.

Then in the Alaska Native Claims Act, Congress gave the Native Peoples another 44 million acres. To date some 17.4 million acres have been deeded to the Natives.

But 82 million acres remains to be conveyed to the State; 26.6 million acres, to the Natives. Surely the Administration does not propose to put those unconveyed, but committed, lands on the block?

Then scarcely more than a year ago Congress passed the Alaska National Interest Lands Act, and in doing so transferred 43.6 million acres formerly under BLM to the National Wildlife Refuge System; and 3.4 million acres formerly under BLM to the National Forest System. Do they propose to sell off those 100 million reserved acres in Alaska? And to whom do they expect to sell them?

Returning to the unconveyed, uncommitted public lands under BLM: Those are the lands for which Congress spelled out policy in the Federal Land Policy and Management Act of 1976. They have many public uses and values and like the National Forests and National Parks, they belong to the people of the United States and the people may not consider them surplus.

Although generally at lower elevations in the mountainous and arid West, the BLM lands are parts of the same watersheds as the National Forests. That is the basic reason why Congress told BLM, as it earlier told the Forest Service, to prevent overgrazing, to restore overgrazed rangelands, to control wildfire, and to do what it can, given the give-away mining law of 1872 that Congress has been loathe to reform, to prevent erosion and stream pollution. Those Congressional directives are also the basic reason behind the protest, the so-called "sagebrush rebellion," by people formerly accustomed to getting by with anything on the public lands--the property of the American people -- even to ripping them off.

The goals of the "sagebrush rebels" deserve some analysis, because they are falling in behind the simplistic theory being discussed at this hearing. The "privatization of the public lands," they call it, and their leader, rancher/legislator Dean Rhoads of Nevada, has been serving as a member of the White House Federalism Subcommittee on Land and Water. Mr. Rhoads is the "father" of the Nevada "Sagebrush Act." That 1979 Act, and copies of it passed in five other Western states in 1980, cited an "equal footing doctrine" and asserted the States were the real owners of the federal lands. A federal judge in Nevada has already demolished that theory.

Seeing their land grab going nowhere in the courts, Mr. Rhoads and associates persuaded some Western congressmen to introduce bills to give the lands to the States. Those bills are pending. Senator Hatch's S.1245 would give away both National Forests and BLM lands (there aren't many National Forests in Nevada). Senator Hatch made it clear, in statements to constituents in Utah, that the ultimate goal was to get federal lands into private ownership. Among the "rebels," ranchers like Dean Rhoads who hold grazing permits on the public lands have been out front -- the most vocal -- but they have been joined by some timber interests who have their eyes on the National Forests, and by some mining associations. Their real goal is not so much ownership of the land but control of the resources -- the forage, the

the timber, the minerals -- which they want to exploit without environmental restraints.

Mr. Rhoads and his rancher friends now run livestock on the federal rangelands at from one-fourth to one-third the market value of the grazing privilege -- one-fourth to one-third what they would have to pay to lease private land for grazing. They don't want to buy the federal rangelands at market value. Their idea of "privatization" is to continue to pay the giveaway fee of $1.86 per animal-unit month, and after a certain number of years they would receive title to the land. They don't want to buy the land, Mr. Chairman, or even the grazing rights. They want you to give it to them.

BLM lands, like the National Forests, are also used heavily by the public for a variety of recreational activities. Last year, BLM estimated, its lands accomodated 130 million recreational visits, including people who drive through the public lands for sightseeing pleasure. Eliminating the casual, drive-by sightseer, and counting only those who hiked, hunted, fished, photographed, used the agency's campgrounds or picnic areas, engaged in rock-hounding, or other more intensive forms of outdoor recreation, BLM calculated a total of 35,511,466 visitor days -- on a 12 hour day basis -- in fiscal 1981. That's a lot of use by the public in addition to the mining and mineral development, livestock grazing, logging and other commercial uses of the public lands.

Excluding the white-tailed deer which is common in the East, the National Forests and BLM lands provide the absolutely essential habitat for the great bulk of our remaining big game populations. I am talking about elk and pronghorn antelope, mule deer, bighorn sheep, mountain goat, bear, and the spectacular, migrating herds of caribou in the Arctic.

It is essential to keep in mind that the three systems of public lands I have discussed here -- the National Forests, National Wildlife Refuges, and BLM lands -- are not being wasted or lying idle. They are intensively used. And quite apart from their importance to their owners for recreation, wildlife conservation, wilderness and scenic preservation, and scientific research, they yield substantial revenues for federal, state, and local treasuries. They do not, as a St. Louis Globe Democrat editorial recently said, "return nothing to the taxpayers."

From mineral leasing and royalties on the public lands (not counting the Outer Continental Shelf revenues) and from grazing fees and other revenues BLM collected over $1 billion for the federal treasury last year. Half of the mineral revenues and a share of the others go to the States and local governments where the lands are located.

Forty percent of the mineral revenues, by law, goes to support the irrigation programs carried out in the West by the Bureau of Reclamation.

Revenues from the National Forests (not counting mineral revenues which are collected by BLM) totaled $920,204,000 -- nearly a billion dollars -- in 1981. One-fourth of that went to county treasuries for roads and schools. Several studies have shown that in most counties where National Forest lands are located, the county share of Forest revenues exceeds on an acre-by-acre basis what the county collects through taxation from adjacent, private land.

The next largest land-holder among federal agencies, Mr. Chairman, is the Department of Defense, presently with some 30 million acres. This includes land held by the Army Corps of Engineers in connection with their flood control, navigation, and hydro-power projects. Some of the military bases and facilities have become obsolete and may well be disposed of -- but in this period of expanding military budgets, I doubt if the Administration is going to cut very deeply into the realty holdings of the Army, Navy and Air Force. It seems clearly contrary to the policy of the present Administration to balance the budget -- much less reduce the National debt -- at the expense of the Pentagon.

The Bureau of Reclamation holds 6.6 million acres; the Department of Energy a million and a half acres; the Tennessee Valley Authority, nearly a million acres; and a variety of other federal agencies have lesser amounts. No doubt some of these holdings are non-essential to federal or public purposes and could be sold.

In conclusion, may I say again that it is our hope that the Committee on Energy and Natural Resources acts firmly to keep the land-sale program within the bounds of statutory law and the public interest. Thank you for hearing our views.

NATURAL RESOURCES COUNCIL OF AMERICA

Telephone: (202) 328-6530
Mailing Address: 1412-16th Street N.W.
Washington, D.C. 20036

May 17, 1982

Honorable James A. McClure, Chairman
Committee on Energy and Natural Resources
Senate Office Building
Washington, D. C. 20510

Dear Senator McClure:

The national and regional groups on the attached list, all members of the Natural Resources Council of America, are keenly interested in the activities of the Federal Real Property Review Board, subject of a public hearing before your committee on May 18.

To date, we have been unable to obtain specific information about the Board and the agencies' response to the Executive Office, the kind and nature of federal real property that may be recommended for disposal, implementing legislation that may be required, time schedules, and other pertinent details. We trust that Administration and Board witnesses will provide such desired information at the hearing, directly and through questioning.

From our standpoint, it would be helpful to have a subsequent second round of hearings. Testimony could be taken from many who are currently unprepared to comment on the federal land disposal activity because of the dearth of information about the scope of the Board's area of interest and agency involvement.

Widespread public concern is being expressed and generated on this subject. Our organizations are receiving hundreds of queries from members. There is increasing concern that, unless properly focused, the issue of federal land disposal may enlarge to the most serious conservation issue of this decade. It is hoped that the Committee will schedule a second round of hearings -- Washington and the field -- to consider the public's views.

A copy of this letter is being sent to each Committee member.

Sincerely,

Louis S. Clapper

Louis S. Clapper
Executive Secretary

Attachment - Member organizations joining in this letter

CHAIRMAN:
William K. Reilly
Conservation Foundation

VICE CHAIRMAN:
Laurence R. Jahn
North American Wildlife Foundation

TREASURER:
Gilbert C. Radonski
Sport Fishing Institute

SECRETARY:
Shirley A. Briggs
Rachel Carson Council, Inc.

EXECUTIVE SECRETARY:
Louis S. Clapper

NRCA MEMBERS JOINING IN LETTER

American Fisheries Society
American Forestry Association
American Institute of Biological Sciences
American Society of Landscape Architects
Appalachian Mountain Club

Appalachian Trail Conference
Camp Fire Club of America
Conservation Foundation
Defenders of Wildlife
Environmental Defense Fund

Forest History Society, Inc.
International Association of Fish and Wildlife Agencies
Izaak Walton League of America
National Association of Conservation Districts
National Audubon Society

National Parks and Conservation Association
National Recreation and Park Association
National Wildlife Federation
North American Wildlife Foundation
Public Lands Institute/Natural Resources Defense Council

Rachel Carson Council, Inc.
Society for Range Management
Soil Conservation Society of America
Sport Fishing Institute
The Wildlife Society

Trout Unlimited
Urban Wildlife Research Center, Inc.
Wildlife Management Institute
World Wildlife Fund
Zero Population Growth

Natural Resources Council of America

What It Is – What It Does

NRC
A

Suite 914
1025 Connecticut Avenue, N.W.
Washington, D. C. 20036

Natural Resources Council of America

The Natural Resources Council of America is a private, nonprofit group of national and regional organizations concerned with the conservation of natural resources and the environment. Besides providing a forum for the discusion of conservation issues, the Council gathers and disseminates information about them to its constituent members.

A major object of the Council is to effect cooperation among groups working for the protection of the environment and the sound management of natural resources. Thus, the Council's main purpose is to maintain close cooperation among its members for the attainment of common objectives. Another purpose is to generate mutual understanding among member organizations of each other's goals.

It provides members with information on actions of Congress, the Chief Executive, and the federal administrative agencies. It also makes available to the member organizations scientific data and technical findings pertinent to conservation issues.

But the Council expressly avoids any attmept to control or even influence the policies or activities of its members. Under the Council's charter, each member organization acts independently with its individual programs of advancing resource management and environmental protection in the public interest.

A brief example illustrates how the Council functions. One of its earliest concerns was the prudent administration of all public lands in the public interest. Prominent among the goals of most member organizations was the preservation of wilderness areas by act of Congress. Since first created, wilderness areas were wholly confined to national forest tracts set aside by executive order of the Secretary of Agriculture.

Although the Council could neither introduce nor support legislation for a wilderness preservation system, discussions at Council meetings helped develop the basic principles of the Wilderness Act of 1964.

Thus, early in its existence, the Council became a forum for debating and defining conservation issues, and over the years this has been one of its most beneficial functions.

How the Council Began

Soon after the close of World War II, executives of several conservation associations realized the need for a forum where organizations engaged in natural resource work could meet for discussion and cooperation in the attainment of common goals. On October 25, 1946, a group of these executives met at Mammoth Cave National Park in Kentucky. They created a central organization for conservation and elected the first officers.

Named the Natural Resources Council of America, the Council held its first meeting in Mansfield, Ohio, on September 15, 1947. Present were representatives of 19 national conservation organizations. Within a few months the number rose to 25.

On October 3, 1947, the Council obtained a certificate of incorporation under the laws of the District of Columbia. The Council's particular business and objects were declared to be the attainment of sound management of natural resources in the public interest. Its role would be that of a service agency to its member organizations. Moreover, it would be a nonprofit corporation without capital stock.

Meetings and Voting

Each member organization is authorized to designate an official representative together with an alternate. At the option of the organizations that appoint them, representatives may be changed at any time.

Usually, three meetings of the Council are held each year. One occurs in March during the North American Wildlife and Natural Resources Conference, a moveable assemblage generally held in one of the large cities of the United States, but also in Canada and Mexico. The second meeting may be held in midsummer, often in Washington, D. C. The third, the recognized annual meeting, is held during October in a location convenient to the majority of the representatives attending.

Each member organization, regardless of its size or the amount of its dues, is entitled to one vote at the Council's meetings. Guests frequently attend, either as observers or as experts in special fields. Officials of government are also often in attendance, particularly to discuss some program or activity affecting environmental matters or to provide information on policies under study by the Council.

Membership Qualifications and Dues

The Council is an organization of organizations. Membership is not held by individuals in their private capacity, although a few individuals have been elected as honorary members.

A national or regional conservation body becomes a member on the Council's written invitation following an affirmative vote by the members. Those eligible qualify in one of several categories. They may be recognized conservation associations, scientific societies in natural resources fields, and branches or committees of national organizations whose major objectives and activities are in conservation. These are the voting members; honorary members have no vote.

The amount of annual dues contributed by each member organization is based on the following schedule. Scientific and professional societies pay $100 annually. Other organizations pay according to their annual budgets on a graduated scale ranging from $200 to $1200 a year.

The Council's Book Program

Within a decade after its formation, the Council created an editorial committee to compile a book that would give authentic information about natural resources and their conservation. *America's Natural Resources* was published in 1957. A revised edition was brought out in 1967. The book contains basic information about fish and wildlife, forests, grasslands, soil, water, and their associated resources.

Careers in Conservation, published in 1963, was the second book sponsored by the Council. It is being completely rewritten for publication early in 1978. It is a guide to career opportunities for young persons interested in conservation as their life work. Among the careers described are biology, environmental conservation, marine and estuarine resource management, freshwater resource management, forestry, park and outdoor recreation, range management, soil conservation, watershed management, and wildlife management. Lists are given of universities approved by leading conservation organizations as offering education in resources.

Origins of American Conservation, published in 1966, represents a concise history of the conservation movement. Each major natural resource is dealt with in a separate chapter wherein are described the exploitation of the resource, the forces that brought about conservation, and the measures, public and private, that led to improved management.

What's Ahead for Our Public Lands? was published in 1970. It is a summary review of the activities and final report of the Public Land Law Review Commission created by Congress in 1964. This book enables the reader to understand the complex issues and problems that affect one-third of the nation's land area and the Commission's voluminous report to the President in 1970.

Leaders of American Conservation, issued in 1971, is the fifth book sponsored by the Council. The first organized source of information about the major figures in the conservation movement, it provides for quick reference the biographies of 360 men and women, living and dead, who made notable contributions to the preservation and management of the country's natural heritage. It is a biographical history of conservation in the United States.

Atlhough not a book, a timely publication by the Council was printed in 1974. This is a small brochure titled *Inholdings. Threats to Our Public Lands.* Inholdings, the privately owned tracts inside federal public lands, such as national forests and parks, create many problems in management. More than 5,000 copies of the pamphlet were distributed by Council member organizations and public agencies.

NRC as Consultant and Adviser

As a consultant and adviser, the Natural Resources Council plays a useful role in public policy guidance. In 1948, the Council embarked on a long series of consultations with cabinet secretaries, bureau chiefs, and administrators of related federal agencies. That year a colloquium was held with Council members and the Secretary of the Interior and his bureau directors. A similar conference was then arranged with the Secretary of Agriculture to review the conservation policies of his department.

Thereafter, the Council held frequent sessions with the executive and legislative branches of government. During the past six years, the Council had conferences with the President, with the heads of the Council on Environmental Quality and the Environmental Protection Agency, with the Secretaries of the Interior, Agriculture, Health, Education and Welfare, and with the chairman of the Public Land Law Review Commission.

In addition, consultations were carried on with the administrator of the Soil Conservation Service, the chief of the Forest Service, the director of the Bureau of Land Management, the director of the National Park Service, the director of the Bureau of Outdoor Recreation, the director of the Geological Survey, the director of the Fish and Wildlife Service, and with others, including the Corps of Engineers and members of Congress.

Every single important program of the federal government during the past two decades has been the timely subject of one or more discussions between members of the Natural Resources Council and the appropriate executive or Congressional principals involved.

Thus, as an advisory and consultive body, the Council performs a valuable service to the public interest in resources. The free exchange of opinion between government officials and Council members makes for mutual understanding and cooperation in decisions affecting resources. Even if certain decisions do not meet the approval of the Council's members, or if the members disagree on approaches or context, they have had an opportunity to express views in accordance with democratic principles.

Commemorative Functions

Indicative of the Council's close liaison with the federal government are the occasional commemorative events it sponsors. These events are conducive to improved social as well as business relations with the agencies and officials concerned. A few examples will illustrate the scope and purpose of these affairs.

In 1960, the Council sponsored a reception and dinner at the National Press Club honoring the 25th anniversary of the Soil Conservation Service.

When the Department of Agriculture published its popular yearbook *Outdoors U. S. A.* in 1967, the Council was host to a reception for the Secretary of Agriculture and other officials, including members of Congress.

On the 25th anniversary of the Bureau of Land Management in 1971, the Council sponsored a reception attended by representatives of Congress, the Department of the Interior, and leaders of the conservation community.

In November 1971, the Council in cooperation with the Smithsonian Institution arranged a formal reception and dinner in the National Museum of Natural History, Washington, D.C. The occasion was the centennial of the federal government's leadership in the management of the nation's fisheries and aquatic resources.

The Award of Honor

In 1973, the Council created the Award of Honor to be conferred on individual recipients for outstanding accomplishments in the conservation of natural resources. The award, an engraved plaque together with a citation, has been made twice, in 1974 and 1976. Each member of the Council is privileged to make a nomination for the award. The Council's executive committee selects the recipient.

Members of the
Natural Resources Council of America

American Committee for International Conservation
American Fisheries Society
The American Forestry Association
American Institute of Biological Sciences, Inc.
The American Society of Landscape Architects
American Water Resources Association
Appalachian Mountain Club
Appalachian Trail Conference
Arctic Institute of North America
Association of Interpretive Naturalists
Boone and Crockett Club
Boy Scouts of America Conservation Committee
The Camp Fire Club of America
Citizens Committee on Natural Resources
Conservation Education Association
The Conservation Foundation
J. N. "Ding" Darling Foundation, Inc.
Defenders of Wildlife
Ecological Society of America
Federation of Western Outdoor Clubs
Forest History Society, Inc.
Friends of the Earth
International Association of Fish and Wildlife Agencies
The Izaak Walton League of America
League of Women Voters of the United States
National Association of Conservation Districts
National Association of State Foresters
National Audubon Society
National Coalition for Marine Conservation, Inc.
National Recreation and Park Association
National Rifle Association of America
National Wildlife Federation
Natural Resources Defense Council
The Nature Conservancy
North American Wildlife Foundation
The Rachel Carson Trust
Sierra Club
Society of American Foresters
Society for Range Management
Soil Conservation Society of America
Sport Fishing Institute
Trout Unlimited
The Wilderness Society
The Wildlife Society
Wildlife Management Institute
World Wildlife Fund
Zero Population Growth

03/77/5C

SALE OF FEDERAL LANDS

A STATEMENT BY HUEY D. JOHNSON

CALIFORNIA SECRETARY FOR RESOURCES

WASHINGTON, D.C.

MAY 18, 1982 *

Mr. Chairman, members of the Committee, I am Huey D. Johnson, California Secretary for Resources. As a member of Governor Brown's Cabinet, I oversee 18 departments and commissions with 14,000 employees and a $900 million budget which form the largest natural resources organization outside the federal government.

Federal land is important to California, it totals nearly 50 million acres, 13 million acres more than the federal land in the State of Idaho. In total federal land holdings California is exceeded only by Alaska (250 million acres) and Nevada (60 million acres). On a national basis there are about three acres of federal lands for each citizen in the country. In effect, each citizen is a shareholder, in this national heritage, entitled to use those lands and to enjoy the benefits of the income and products they produce.

The constitution and the bill of rights are a shared heritage for all Americans. So are the public lands. The Reagan Administration has a misunderstanding with the American people. Federal lands are held in trust. They are not to be given away and not to be sold to friends at bargain prices. The President should understand his responsibilities to American citizens. The President should respect the owners of public lands.

---

* Presented by Huey D. Johnson, Secretary for Resources, at the Hearing on Sale of Federal Lands, before the Senate Committee on Energy and Natural Resources Committee, U.S. Senate, James McClure, Chairman.

We are deeply concerned with the Administration's proposals to dispose of the federal lands. A few weeks ago Senior White House Economist Steve Hanke visited California. While there he proposed giving National Forest lands to private logging companies. This is a strange statement to come from someone responsible for the public trust, but things get even worse.

First, the Administration has claimed it wants to dispose of "surplus" federal land. Yet, internal documents I have with me today reveal plans to sell lands near urban areas where they are most needed for parks, open space and other resource values. Reagan's program is misleading. Publicly his spokesmen have claimed that National Parks, Wildlife Refuges and Wilderness Areas are not being considered for sale. However, the "Action Plan" documents (attached) demonstrate that despite such public announcements, even these lands are not safe from the advocates of privatizing. I cite one such document: "...we would expect a review of the existing National Forest System, National Park System, Wildlife Refuge System, Wild and Scenic Rivers, Wilderness Areas, Bureau of Reclamation and Bureau of Land Management lands to determine if all elements of a system should be treated similarly and if different systems should have different criteria for disposal."

Let's put this issue in historical perspective. We were a nation rich in resources, and we consumed a large share of these resources while we were building our nation to its present greatness. With time came shortages in minerals, water and other resources. As a nation we awakened to the need for conservation and protection of natural resources. In the early 1900's President Teddy Roosevelt understood that a nation was only as strong as its resources. Land and the resources it produces should be nurtured and used to build a strong future, he said.

At this point I disagree with Interior Secretary James Watt, who wants to "restore America's greatness" by looting public resources. There is no need to "restore" America's greatness, it has never been lost, and that greatness will continue to be great as long as we manage our resources wisely and do not fear the future. We must not go back to past wasteful practices. We must go ahead. This administration must respect and protect the public resources, not abuse them.

Federal land sales would never be needed if the public was receiving a fair value for its public resources. If fair returns were recovered from leases and use permits, the public taxpayer would benefit for years to come. However, as it is, early commercial use of these public lands and resources is subsidized by taxpaying individuals and corporations. For example, in California, grazing fees for State lands average $24 a month per unit, compared to a $1.86 per unit grazing fee charged by the federal government. We realize the need to provide transition to those endeavors dependent upon public lands, such as the grazing industry so they are not lost. Nevertheless, this imbalance on the return of public investment is unacceptable and must be corrected.

The Reagan Administration's plans to liquidate the federal land trust are misleading the public. This Administration's land sales proposal is not only the sacrifice of an obligation to future generations, but, if carried out, would constitute the largest loss of public wealth in our history -- James Watt's proposed trillion dollar transfer of energy resources from public ownership. It would not be necessary for the Reagan Administration to propose federal land sales to bail out a mismanaged federal budget if, as stated previously, the public were receiving a fair value from the public resource wealth of these lands. To me this is the cunning politics of piracy.

We are told that federal land sales are needed to help reduce the national debt. Is this the case? In a year and a half in office, Reagan's Secretary of Interior has sold or planned to seel more public resources than anyone in our history. These include:

(1) The largest oil leases in history;

(2) The largest coal lease in history, a total of over five billion tons;

(3) All known Geothermal Resources Areas on public lands;

(4) Oil shale and tar sands resources; and

(5) One billion acres of Outer Continental Shelf (OCS) lands.

Watt has sold a record size coal lease, 1.5 billion tons for just eight cents a ton. Watt's planned OCS leases involve an estimated 36 billion barrels of oil' 178 trillion cubic feet of gas worth over a trillion dollars at today's prices. Watt's energy leasing schedule assures American people will receive pennies on the dollar from this liquidation sale of their own resources.

On shore and offshore oil, coal, tar sands, oil shale and geothermal areas are also rapidly being sold by Watt. At the most conservative estimates, these resources are worth well over a trillion dollars, or $4,000 for every man, woman and child in the United States.

Watt's giveaway of public energy possibly could help reduce the national debt -- If Americans received fair market prices for their energy resources. Instead, Watt is taking fowm this generation and cheating the future.

Watt's politics of piracy are simple. The frenzy of energy leasing drives down wholesale energy prices for large international companies and assures minimum return for the American people. And now we are told we must sell public land to reduce the national debt. Napoleon sold Jefferson the Louisiana Territory and the Russian Czar sold Alaska to raise money for their armies. They didn't know the value of the land. But we do. We all know these are priceless public lands.

The eventual outcome of this Administration's plans are clear. Energy and mineral wealth are being transferred from public ownership at fire sale prices. It is a scandal which makes Teapot Dome look like robbing a piggy-bank. The sale of federal lands will provide a last great land rush for foreign investors and large corporations. Such a program will sow seeds of resentment and outrage from not just today's public but future generations. Privatization will reap a bumper crop of no trespassing signs for every hunter, every fisherman and every camper.

The solution is clear and obvious. Hold public lands in trust for the future. Meanwhile, lease the lands' resources at a fair market price. Let's end the subsidies given water developers, cattlemen and loggers. Let's end the virtual giveaway of our energy resources. The public deserves a fair return and a trust in the land to be shared with the future.

If we ended Watt's giveaway, charged a fair price for public resources, there would not be a need to sell federal lands. The folly of privatization is clear, so is its short-sightedness. This Administration's public lands program is a scandal. Privatization would be an outrage.

Privatization is a treat to the public trust. Unfortunately Bureau of Land Management Director Bob Burford has clamped a lid on public information. An April 27 memorandum (attached) warns all state directors to provide only a bland and misleading statement to the press. He orders field personnel not even to venture personal opinions on the program. If they were serving the public trust what would they have to hide? I am reminded of White House assurances that the Watergate break-in was a "third rate burglary." What is taking place on America's public lands is theft on the grandest scale in history.

Albert Fall went to jail for leasing 9,000 acres of public oil land. James Watt is bent on leasing over one-million times that amount. It is time public land property-owners had an honest accounting -- it is time for fairness. I am hopeful this Committee and Congress will investigate and report to the American people on the politics of James Watt and thus help end this latest and greatest threat to the public lands.

Thank you.

United States Department of the Interior 2700 [illegible]

BUREAU OF LAND MANAGEMENT
WASHINGTON, D.C. 20240

Instruction Memorandum No. 82-
Expires 9/30/82

APR 22 1982

To: Directorate, All SDs

From: Director

Subject: Asset Management Information and Guidance

The Administration's asset management program, involving potential sales of Federal lands, has begun to draw intense attention from the news media and elements of the public. Curiosity about its impacts is only to be expected. need to be exceptionally sensitive to several key points about the inventory underway and the program as it evolves:

1. The fact-gathering part of the process has only begun;
2. Some policy questions are unresolved and will require more analysis and much more decision-making;
3. Public participation will be actively invited after some tentative formulations are reached; and,
4. The Secretary's "Good Neighbor" policy continues while the asset management program undergoes refinement.

Enclosed is a statement covering these points. Please use it to respond to public and media inquiries. The data contained in the current inventory must treated as internal information at this stage of the overall process. In effe it is essentially raw data, and wide dissemination now would only tend to fu rumors or create premature judgment before careful analysis can be done.

Accordingly, this is to urge that you and your field office people confine yo media and public comments to the enclosed statement. If you find it necessary refer a reporter's request for information, the query should be directed to M James W. (Tim) Monroe, Chief, Office of Public Affairs, WO, (202) 343-9435.

Please advise your headquarters and field office staffs not to speculate on th outcome of the inventory, or venture personal opinions on the program while it in this early formative stage. The Bureau, as part of the Department of the In ior supports the Administration's policy. Speculation about specifics or fina determinations would be both unwise and counterproductive. Be assured that the public participation phase of this process will embrace a sincere, energetic effort to ascertain everyone's views in an appropriate and timely manner.

Robert F. Burford

Enclosure
Encl. 1 - Statement on Excess Land Sales

United States Department of the Interior
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

STATEMENT ON EXCESS LAND SALES

The Interior Department supports the Administration's initiative to improve Federal asset management and dispose of unneeded Federal property. At this point, no one can say definitively how much Federal land managed by Interior Department agencies can--and should--be disposed of by sale, and under what conditions. Precisely for that reason, we have just begun a fact-finding process of inventorying many Interior-managed properties, the only responsible way we can begin the task.

We have heard some early expressions of concern, and they are understandable. However, we want everyone to understand also that this will be a lengthy process that has barely begun. We hope people will not overreact while we are taking inventory. An inventory is just that--a listing of items on hand--and no more. But we do want the public, as we continue the process, to help us identify the kinds of lands the Interior Department should retain, and those that properly should be sold. Public participation is an integral, vitally necessary element in the process, and we will be actively soliciting public opinion. We need to know all the pros and cons, as seen by those who know these lands best.

Excluded from the inventory are lands managed as national parks, monuments, historic sites and wildlife refuges; wilderness areas and wilderness study areas; and, lands set aside to be conveyed to the States, Indian tribes or Alaska Natives.

Initially we will be looking first for high-value lands, generally those in or near urban areas, which are not essential for important Federal programs. Another likely priority for disposal will be isolated holdings that are difficult or expensive to manage and not essential for Federal purposes, and still another priority will be lands that can be important for local community growth. Within these categories, we will be seeking to find the proper balance among economic, environmental and social factors. Public comment will be invited and welcomed as we proceed with the job.

Secretary Watt's "Good Neighbor" policy is continuing in the West. We are continuing to process the requests of Western Governors and communities for sales of land under existing legislation. We do not expect serious conflicts to arise between that policy and the Administration's larger program of examining lands for disposal.

United States
Department of
Agriculture

Forest
Service

WO

Reply to: 5450 Title Claims, Sales, and Grants

Date: MAR 1 - 1982

RECEIVED
MAR 26 1982
EXECUTIVE VICE PRESIDENT

Subject: The President's New Land Sales Program

To: Regional Foresters

The following enclosures contain information about a major project necessary to provide information requested by OMB.

1. Copy of Action Plan developed to respond to OMB request.

2. Copy of Executive Order No. 12248 dated February 25, 1982.

3. Copy of OMB Director Stockman's February 26, 1982, testimony before the Senate Committee on Governmental Affairs.

4. Memorandum for the President dated February 9, 1982.

5. Excerpt from Major Themes and Additional Budget Details for FY 1983 Budget describing proposed sales program.

6. Copy of OMB listing of issues which require additional information.

Assignments in the Action Plan have already been made by telephone. All Regions will have significant tasks in classifying and valuing these lands which will be included in the sales summaries. This will occur between April 5 and April 19. However, you now should begin drawing together data (acreage and estimated value) for the types of land listed in "what can be sold" under Tasks 1 and 2 of the action plan.

Any thoughts you or members of your staff may have relative to the individual tasks should be sent directly to the Team Leaders. WO Lands Staff Unit will provide overall coordination and will be responsible for preparation of final report.

National and Regional OGC participation will be requested by the various Team Leaders as appropriate.

You should continue to work on all landownership adjustment activities planned for completion in FY 1982.

for Doug Leisz
R. MAX PETERSON
Chief
LIMITED DISTRIBUTION

ACTION PLAN
THE PRESIDENT'S NEW LAND SALES PROGRAM

I. Introduction

OMB has requested further scoping out to help design the public lands part of the President's land sale program. This national plan provides direction for that effort. It is based on the following planning assumptions.

A. Will not sell lands which would reduce the capability of the National Forest System to meet long-term management goals, such as RPA and the President's statements of policy.

B. Will identify those lands no longer essential to meeting National Forest System activities and responsibilities--not utilized, underutilized or not being put to optimum use.

C. Current landownership cases, where significant funds have been spent in preparation, will be continued.

D. Sales will be managed to produce highest net income.

E. Acquisition project areas will continue to be developed.

F. Necessary legislation will be enacted prior to FY 1983.

G. All legal barriers to the sales program will be removed by new legislation.

II. Tasks 1 and 2

Task 1

Analysis of which estates, i.e., surface and/or subsurface should be considered for sale and under what conditions. Analysis should also indicate what will not be considered for disposal at this time.

OMB Request

Please do an Agency-by-Agency review of the last 3 years (FY 1978, 1980, 1981) of land sales and indicate how many sales included the sale of the subsurface mineral estate.

This analysis should proceed to discuss the pros and cons for and against retaining the surface and subsurface estate, and enumerate under which conditions each estate would be proposed for retention. The discussion should include impacts on other Federal programs, associated revenue projections, and accompanying administrative burdens. For instance, it may make sense to sell Federal subsurface mineral estates where the costs of managing a partial interest are high. Similarly, sale of the "hardrock" mineral estate on public domain lands might be feasible.

Task 2

Development of draft disposal criteria for each Agency (designed to improve efficiency, improve allocation of land to best use, and increase revenues).

OMB Request

As our testimony and budget fact sheets have emphasized, this program is to be focused primarily on the Bureau of Land Management (BLM) and Forest Service (FS) lands.

However, for analytical purposes we would expect a review of the existing National Forest System, National Park System, Wildlife Refuge System, Wild and Scenic Rivers, Wilderness Areas, Bureau of Reclamation, and BLM Lands to determine if all elements of a system should be treated similarly and if different systems should have different criteria for disposal. For instance, the National Park System is composed of:

- National Parks
- National Recreation Areas
- National Monuments
- National Battlefields

Should all those different elements of the National Park System receive the same treatment as "National Parks" or are there legitimate differences that could and should be recognized for the purpose of asset management.

Action Plan For Tasks 1 and 2

A. What can be sold - Analyze pros and cons - Examples are:

1. Special-use permit areas held by local governments, States, etc., for permanent uses - no present authority.

2. Mineral rights reserved outside National Forest boundaries in LU exchanges - provisions for sale in FLPMA not working.

3. Small Tracts - need legislation - should be high priority.

4. Special use rights-of-way - sell easements for power, water lines, and roads - need authority - returnable for non-use.

5. Lands in areas classified for boundary retraction - need legislation - will not be known until LMP completed - will impact land exchange program.

6. Unused administrative and research facilities which do not have National Forest status.

7. Unclassified LU areas - need authority.

8. Lands needed for community development - need authority.

9. Scattered lands for which there is no need need authority.

10. Special-use permit areas with permanent improvements - need authority.

11. High value timber and mineral lands - need authority.

B. What Cannot Be Sold - Analyze pros and cons - Examples are:

1. Acreage that would result in reduction of old growth timber harvest.

2. Acreage in critical habitat for endangered species.

3. Acreage where change in use would be economically disadvantageous.

4. Public recreation areas including special-use areas.

5. Critical watersheds and flood plains should be exchanged if otherwise qualify since exchange provides for trade off.

6. Significant cultural resources.

7. Special areas - wilderness, etc.

C. Estimate acreage in each class by county and State - establish estimate of value - will need this broken down to manage sales programs (cannot sell all in one area in 1 year).

D. Develop disposal criteria - example of priorities - need step by step instructions for Forests to classify lands to be retained and those to be sold by priority.

1. Not utilized - Maybe some administrative sites
   - Small tracts
   - Reserved minerals

2. Underutilized - Special use permits

3. Not being put to optimum use - Lands needed by communities

In development of disposal criteria consideration should be given to: impact on remaining areas and resources to be managed, immediate and long-range economic benefits to local areas and the Nation, assured long-range supply of resources provided, impact on environment if use will change after disposal, should local, State, Federal or the private sector provide the service or manage the resource. Consideration should be given to what parameters should be set for selection of acreage to be sold. This would include size, administrative costs, economic benefits, probability of sale, rate of sale, location in relation to other public lands and communities expanding or declining, soil, and topography.

E. This analysis requires active involvement of most National Forest System Staff Units. Regions will eventually have to classify lands in accordance with criteria developed (See Task 4).

F. Assignment - Representatives from Lands Staff Unit
Team Leader - Dick Pederson
Other representatives include members from these staffs:

- Minerals
- Timber Management
- Recreation
- Range
- Wildlife
- Watershed
- Research
- Administrative Management

G. Target date for completion - March 29

III. Tasks 3 and 7

Task 3

A comprehensive review of the existing land disposal statutes and regulations which apply to each Agency and what changes would be required to dispose of lands under proposed program.

OMB Request

This would be a listing and examination of all the current statutes and regulations which apply to land disposal, exchange, purchase, etc., for all Interior and Agriculture Agencies as well as COE:

- Forest Service (USDA)
- Bureau of Land Management (DOI)
    - Federal Land Policy and Management Act;
    - Recreation and Public Purposes Act;
    - Desert Land Entry; etc.
- Fish and Wildlife Service
- National Park Service
- Bureau of Reclamation

The pertinent parts of each statute and implementing regulation should be highlighted, for example under FLPMA:

- 2500 acre limitation on sales without Congressional approval
- all sales at FMV
- policy of retention unless disposal meets certain criteria of
  - difficult and uneconomic to manage
  - land acquired for purpose it is no longer used for
  - in the public interest to dispose of it

Proposed changes to the existing statutes necessary to implement the new program should be clearly discussed.

Task 7

Listing and review of existing administrative procedures and resources to determine what streamlining measures are necessary to expedite sales of volume contemplated.

OMB Request

This would be an Agency by Agency listing and review of existing administrative procedures which must be complied with before sales take place under existing authority.

Only by understanding the existing administrative procedures could we hope to know how to streamline these procedures or propose other less time consuming ones.

At a minimum we would expect this review to examine:

- appraisal techniques and requirements
- survey requirements--I believe survey requirements are an important technical issue. The issue of requiring that an initial or secondary survey be done by Federal employees, should be thoroughly investigated.
- NEPA and other environmental compliance statues
  - Endangered Species Act
  - Historic Preservation Act
  - Archeological and Resources Protection Act

Action Plan for Tasks 3 and 7

A. A review of existing land disposal statutes has been completed. This can be expanded to meet additional requirements of Tasks 3 and 7.

B. Region 8 (Leader - Phil Etchison) will complete

C. Completion date - March 29

IV. Task 4

Inventory of lands meeting the criteria for recommended disposal, along with a rough estimate of their market value.

OMB Request

An inventory of land that should be considered for sale is necessary to support development of the alternate scenarios and final program.

A possible approach is as follows:

(i) An inventory of land within prescribed distances of communities of at least 500 population

- 1 mile
- 5 miles

(ii) Identify sections for areas by

- less than 10 percent Federal ownership
- between 10 and 25 percent Federal ownership; and
- between 25 and 50 percent Federal ownership

(iii) Identify and aggregate lands already identified for disposal in various plans by area, location, value, etc.

Any inventory would of course identify lands as to State, and/or National Forest, COE project, etc., as well as include a rough approximation of their value.

Action Plan For Task 4

A. Major portion of Task 4 cannot be completed until Tasks 1 and 2 are completed. Some action can be started now such as identification of administrative sites, small tracts sales, etc.

B. Assignment - Lands Status Group (Leader - George Liddicoatt) will coordinate with Regions and assemble acreage data. Lands Valuation Group will coordinate with Regions and will assemble estimated values.

C. Completion date - April 19

V. Task 5

Develop scenarios for revenue programs of $500 million, $1 billion, and $2 billion per annum starting in FY 1984.

OMB Request

Please develop scenarios and program mixes that would generate the following revenue on a per annum basis beginning in FY 1984.

A. $500 million
B. $1 billion
C. $2 billion

These scenario should be fully developed with descriptions of:

- mix of properties offered
- financing strategies used
- administrative requirements assumed (i.e., streamlined survey from issue C above)
- personnel and budget requirements

Action Plan

A. This must be done last and it must be coordinated with BLM - will reflect actual decision as to what will be recommendedx for sale and when.

B. Assignment - WO Lands Staff Unit (may be assisted by detailers)
Team Leader - Dick Pederson

C. Completion date - April 21

VI. Tasks 6 and 8

Task 6

Analysis of whether or not, under what conditions, and how would assistance from the private sector (real estate brokers, appraisers, surveyors, etc.) be utilized for the land sales program.

OMB Request

Under what conditions and how, could the Federal Government's land sales program accept, or contract for, assistance from the private sector. Would it make sense for private real estate brokers, appraisers, surveyors, etc., to be utilized to perform functions necessary for sales.

Task 8

Analysis of alternate financing mechanisms for purchase.

OMB Request

Currently BLM sales require 20 percent of the minimum bid in cash at the time of auction, and full payment within 30 days. There is some concern that 30 days does not provide sufficient time to arrange private financing.

Alternatives to a strict cash sale methodology could be investigated, as well as varients in elements (i.e. percentage down at the time of bid, length of time to pay full amount, interest rate) of the existing methodology.

Alternatives to present methodology of financing should be discussed in terms of overall revenue received, timing, administrative burden, etc.

Action Plan for Tasks 6 and 8

A. Will involve analysis of various methods of handling sales program - legislation enacted to authorize sales must reflect best methodology.

B. Assignment - Region 3 Lands Staff Unit (Leader - Dick Harris).

C. Completion Date - March 29.

VII. Task 9

Other issues as suggested by the Agencies, public, Department, etc. - i.e. public nomination of tracts, "Good Neighbor Policy", etc.

OMB Request

This work outline is not meant to be exclusive. To the extent that other issues are suggested (by the public, the Agencies, or Departmental personnel) that need analysis we would expect additional packets to be prepared; for example, the issue of public nomination of tracts, integration of Watt's "Good Neighbor" policy, etc.

Action Plan

A. WO Lands Staff Unit will summarize, if any, at end of project. Task Team Leaders should provide any thoughts to WO no later than April 23.

B. Completion date - April 23.

VIII. Task 10 - Project Outline

OMB has requested they be provided an outline of the complete analysis by March 23. Each Team Leader should provide the WO Lands Staff Unit with a draft outline by March 14.

IX. Listing of Critical Dates

March 2 - OMB Request
March 8 - Action Plan Completed

March 29 - WO Task Force Report on Tasks 1 and 2 drafted
March 29 - Region 8 completes draft Tasks 3 and 7
March 29 - Region 3 completes draft Tasks 6 and 8

March 31 - Chief decides disposal criteria
April 1 - Request to Regions for acreage and valuation data by disposal class (Task 4)

April 12 - Data received from Regions
April 14 - Coordinate with BLM

April 16 - Sale scenarios completed (Task 5)

April 16 - Coordinate with BLM
April 20 - Chief decides on scenarios and other policy matters
April 21 - Approved draft for final typing and report preparation

April 23 - Report due OMB

THE WHITE HOUSE
WASHINGTON
February 9, 1982

MEMORANDUM FOR THE PRESIDENT

FROM: THE CABINET COUNCIL ON ECONOMIC AFFAIRS

SUBJECT: Federal Property Review Program

This memorandum presents recommendations developed by the Cabinet Council on Economic Affairs Working Group on the Sale of Federal Property for an Administration program to: (1) review the real property holdings of the federal government; (2) improve the management of this property; (3) expedite the sale of unneeded property; and (4) use the proceeds to begin reducing the national debt.

BACKGROUND

The real property holdings of the federal government are extensive and estimates of their market value exceed $1 trillion. Current federal accounting methods greatly understate the market value of these properties because they are based on original costs to the government, even if the property was acquired in the 18th century.

These properties are managed by numerous individual departments and agencies with limited government-wide oversight. There are virtually no incentives for a department or agency to release its federal properties. Federal property transfers must pass through an elaborate procedure that almost ensures that another federal agency or state or local government entity will claim it at no cost. Under present law, there is no requirement for fair market payment or even reimbursement of the federal government's acquisition cost.

The Cabinet Council Working Group recommends developing new federal property management procedures requiring that every convenyance include, in one form or another, market value compensation to the federal government. The group also recommends developing incentives for federal departments and agencies to sell unneeded property either to another governmental entity or to individuals or entities in the private sector.

ESTABLISHING A PROPERTY REVIEW BOARD

In restructuring the federal property management system, it is essential to involve the highest levels of the executive branch in developing and implementing an integrated program that will improve property management in every department and agency.

The Working Group has prepared a draft Executive Order establishing a Presidential Property Review Board with responsibility for reviewing and developing federal real property acquisition, utilization, and disposal policies to ensure that unneeded and under-utilized federal property is released for sale at fair market value to the private sector or conveyed to support priority federal programs with appropriate compensation. The draft executive order is attached at Tab A.

The Board would coordinate and establish annual property target sales and management savings for each executive agency. Each agency would immediately review its federal property holdings and submit to the Board within 60 days a list of excess property for appropriate disposition. The Board would also review procedures to expedite disposal of the property.

Recommendation: That a Presidential Property Review Board be established by Executive Order to oversee the property review process.

Approve ✓RR Disapprove ________

USING SURPLUS PROPERTY SALES TO OFFSET THE NATIONAL DEBT

Under current law, all proceeds from surplus federal property sales are deposited in the Land and Water Conservation Fund (LWCF). When necessary, rents and royalties from Outer Continental Shelf (OCS) leases are deposited to bring the LWCF annual income up to $900 million per year, the minimum annual requirement. LWCF funds are earmarked for acquiring new recreational lands and for grants to states for acquiring and developing recreation facilities. With the exception of OCS receipts, all monies in the LWCF not appropriated for these purposes within two years are transferred to the miscellaneous receipts of the Treasury. Technically, under the unified budget concept, LWCF monies offset spending, i.e., reduce the deficit, whether they are in the LWCF or in the general fund. However, the practice of earmarking funds for programmatic purposes encourages federal spending.

The Working Group recommends that the federal government use the revenues from the sale of its surplus assets to offset the national debt rather than current expenditures. This would require legislation so that proceeds from these sales are not automatically deposited in the Land and Water Conservation Fund.

There is congressional support for such legislation, Senator Percy (R-Illinois) and Congressmen Winn (R-Kansas) and Kramer (R-Colorado) have sponsored Senate and House resolutions calling for using revenues from the sale of federal assets to retire the national debt. Some environmental interests may resist any measure which could appear to affect adversely the Land and Water Conservation Fund. However, since OCS receipts, currently the principal source for the LWCF, exceed $900 million each year, the Fund would still reach its annual income level.

There are two alternatives presently under consideration for handling the proceeds from the sale of federal property in order to offset the national debt: (1) a special trust fund or (2) an "undistributable receipts account" in the Treasury. In either case the new legislation would restrict use of the proceeds from federal property sales to reducing the national debt and not for offsetting current expenditures.

Recommendation: That the Cabinet Council Working Group on the Sale of Federal Property develop legislation to place all proceeds from federal property sales in a fund or account for use only to reduce the national debt.

Approve ✓RR Disapprove ________

IMPACT OF THIS PROGRAM ON PUBLIC LANDS

The United States Government owns 744 million acres, about one-third of the land mass of the United States. Approximately 685 million acres are public lands. The other roughly 60 million acres were purchased by or donated to the federal government. Most of the property declared surplus in recent years has consisted of relatively small, sometimes urban, parcels.

The federal government has not disposed of large public land tracts in the recent past. Much of this property is virtually unused. Other large public land tracts are used for commercial purposes, such as grazing, energy and mineral development, and timber production. Current federal user charges are less than fair market value so that users of these lands receive an implicit subsidy.

Altering present policies, either selling the lands or raising user fees, would likely generate considerable controversy. Several groups would probably oppose major sales of public lands including:

- o Western ranchers unless they could purchase the land at below market value;
- o Environmental groups fearing a shift in environmental protection values and large scale development;
- o Local communities which in the past have received lands for "public purposes" at less than fair market value;
- o Private landowners who might fear that a large sale of federal lands would diminish the value of their own properties; and
- o Citizens whose use of these lands for hunting, fishing and recreational purposes would be restricted if they passed into private hands.

The Working Group, however, recommends promptly developing a program to dispose of unneeded public lands. Current statutes and the regulations which implement them make commercial sales of federal lands time-consuming, if not practicially impossible. A successful program to sell federal lands not needed for public purposes will require considerable study, and most likely sweeping revisions in existing federal laws and regulations.

Recommendation: That the Cabinet Council Working Group on the Sale of Federal Property coordinate a comprehensive review by affected federal agencies of existing statutes and regulations pertaining to sales of federal lands and develop appropriate legislative proposals to expedite such sales in a cost-effective manner.

Approve ✓ RR Disapprove ________

Donald T. Regan
Chairman Pro Tempore

THE PRESIDENT'S NEW LAND SALES PROGRAM

We believe the following kinds of issues require further scoping out to help design the "public lands" part of the President's Land Sales program.

(1) Analysis of which estates, i.e. surface and/or subsurface should be considered for sale and under what conditions.
Analysis should also indicate what will not be considered for disposal at this time.

(2) Development of draft disposal criteria for each agency (designed to improve efficiency, improve allocation of land to best use, and increase revenues).

(3) A comprehensive review of the existing land disposal statutes and regulations which apply to each agency and what changes would be required to dispose of lands under proposed program.

(4) Inventory of lands meeting the criteria for recommended disposal, along with a rough estimate of their market value.

(5) Develop scenarios for revenue programs of $500 million, $1 billion, and $2 billion per annum starting in FY 1984.

(6) Analysis of whether or not, under what conditions, and how would assistance from the private sector (real estate brokers, appraisers , surveyers, etc.) be utilized for the land sales program.

(7) Listing and review of existing administrative procedures and resources to determine what streamlining measures are necessary to expedite sales of volume contemplated.

(8) Analysis of alternate financing mechanisms for purchase.

(9) Other issues as suggested by the agencies, public, Department etc.- i.e. public nomination of tracts, "Good Neighbor Policy", etc.

We would anticipate that these analytic packages could also be used as the basis for Departmental decisions on a final program design. In any event we would like these analysis to be completed for our use within 7 weeks, and for an outline of all these major topics to be completed for our review within four weeks.

Analysis of Surface /Subsurface estate

Please do an agency-by-agency review of the last three years (FY 78,80,81) of land sales and indicate how money sales included the sale of the subsurface mineral estate.

This analysis should proceed to discuss the pros and cons for and against retaining the surface and subsurface estate, and enumerate under which conditions each estate would be proposed for retention. The discussion should include impacts on other federal programs, associated revenue projections, and accompanying administrative burdens. For instance, it may make sense to sell Federal subsurface mineral estate where the costs of managing a partial interest are high. Similarly, sale of the "hardrock" mineral estate on public domain lands might be feasible.

Development of draft disposal criteria

As our testimony and budget fact sheets have emphasized, this program is to be focused primarily on BLM and FS lands.

However for analytical purposes we would expect a review of the existing National Forest System, National Park System, Wildlife Refuge System, Wild and Scenic Rivers, Wilderness Areas, Bureau of Reclamation and BLM Lands to determine if all elements of a system should be treated similarly and if different systems should have different criteria for disposal. For instance the National Park System is composed of:

- National Parks
- National Recreation Areas
- National Monuments
- National Battlefields

Should all those different elements of the National Park System receive the same treatment as "National Parks" or are there legitimate differences that could and should be recognized for the purpose of asset management.

Review of existing statutes and regulations

This would be a listing and examination of all the current statutes and regulations which apply to land disposal, exchange, purchase, etc. for all Interior and Agriculture agencies as well as the COE:

- Forest Service (USDA)
- Bureau of Land Management (DOI)
  - Federal Land Policy and Management Act;
  - Recreation and Public Purposes Act;
  - Desert Land Entry; etc.
- Fish and Wildlife Service
- National Park Service
- Bureau of Reclamation

The pertinent parts of each statute and implementing regulation should be highlighted, for example under FLPMA:

- 2500 acre limitation on sales without Congressional approval
- all sales at FMV
- policy of retention unless disposal meets certain criteria of
  - difficult and uneconomic to manage
  - land acquired for purpose it is no longer used for
  - in the public interest to dispose of it

Proposed changes to the existing statutes necessary to implement the new program should be clearly discussed.

Inventory

An inventory of land that should be considered for sale is necessary to support development of the alternate scenarios and final program.

A possible approach is as follows:

(i) An inventory of land within prescribed distances of communities of at least 500 population

- 1 mile
- 5 mile

(ii) Identify sections for areas by

- less than 10% federal ownership;
- between 10 and 25% federal ownership; and
- between 25 and 50% federal ownership

(iii) Identify and aggregate lands already identified for disposal in various plans by area, location, value etc.

Any inventory would of course identify lands as to State, and/or National Forest, COE project etc., as well as include a rough approximation of their value.

Scenario Development

Please develop scenarios and program mixes that would generate the following revenue on a per annum basis beginning in FY 1984.

1) $500 million
2) $1 billion
3) $2 billion

These scenario should be fully developed with descriptions of:

- mix of properties offered
- financing strategies used
- adminstrative requirements assumed (i.e. streamlined survey from issue 3 above)
- personnel and budget requirements

Analysis of assistance from the private sector

Under what conditions and how, could the Federal Government's land sales program accept, or contract for, assistance from the private sector. Would it make sense for private real estate brokers, appraisers, surveyers etc. to be utilized to perform functions necessary for sales.

Review of existing administrative procedures

This would be an agency by agency listing and review of existing administrative procedures which must be complied with before sales take place under existing authority.

Only by understanding the existing administrative proceedures could we hope to know how to streamline these proceedures or propose other less time consuming ones.

At a minimum we would expect this review to examine:

- appraisal techniques and requirements
- survey requirements -- I believe survey requirements are an important technical issue. The issue of requiring that an initial or secondary survey be done by Federal employees, should be thoroughly investigated.
- ✓ NEPA and other environmental compliance statues
    - Endangered Species Act
    - Historic Preservation Act
    - Archeological and Resources Protection Act

Analysis of Alternate Financing Mechanisms

Currently BLM Sales require 20% of the minimum bid in cash at the time of auction, and full payment within 30 days. There is some concern that 30 days does not provide sufficient time to arrange private financing.

Alternatives to a strict cash sale methodology could be investigated, as well as varients in elements (i.e. percentage down at time of bid, length of time to pay full amount, interest rate) of the existing methodology.

Alternatives to present methodology of financing should be discussed in terms of overall revenue received, timing, administrative burden etc.

Other issues

This work outline is not meant to be exclusive. To the extent that other issues are suggested (by the public, the agencies, or Departmental personnel) that need analysis, we would expect additional packets to be prepared; for example the issue of public nomination of tracts, integration of Watt's "Good Neighbor" policy etc.

1100 Missoula Avenue
Helena, MT 59601
May 13, 1982

MAY 17 1982

Senator James McClure
Chairman, Senate Committee on Energy & Natural Resources
Senate Office Building
Washington, D. C. 20510

Dear Senator McClure:

Please place the following statement in the hearings record concerning the sale of our public lands.

The Montana Audubon Council opposes a policy to sell off public lands for the following reasons:

1. Presidential Order 12348 would sell federal lands "not utilized, underutilized, or not being put to optimum use." Such an order is so broadgauged it could even be used to sell the Whitehouse grounds.

2. It reverses the Federal Land Policy Act to retain these lands in federal ownership.

3. It runs counter to the wishes of the public. Recent polls show that nearly 2/3rds of those in western states want federal lands retained in federal ownership.

4. It ignores the billions of dollars invested by the public over the last 50 to 80 years in fire protection, watershed improvement, wildlife management, and protection against trespass and abuse on these lands.

5. It could create a chaotic and unmanageable land pattern where the choice lands are bought up by the private sector, leaving islands of poorer land to the federal government.

6. It could put the out-of-doors off limits in the West--hardly an enviable situation for the tourist industry either.

7. Sale of public lands to the highest bidder, as proposed by OMB, would favor moneyed interest over the present users of range and forest lands.

8. The sale of 300 or 400 million acres of National Forest and BLM lands would not even pay off the projected deficit for 1983.

Of greatest importance is that over many years Congress, the President, federal agencies, and the public have developed an integrated system of managing public lands and water for the long range public benefit. The value of these lands for flood control, for wildlife, outdoor recreation, and renewable resources is almost inestimable. At the same time every American has the right to use these lands with minimal restraint. These benefits should not be auctioned off to the highest bidder.

Approved by: James Phelps
James Phelps, President
Montana Audubon Council

Sincerely,

Noel Rosetta

Noel Rosetta, Resource Consultant
Montana Audubon Council